EMBU COUNTY GOVERNMENT

COUNTY TREASURY

MEDIUM TERM

COUNTY FISCAL STRATEGY PAPER

UNLOCKING THE POTENTIAL FOR EQUITABLE WEALTH AND EMPLOYMENT CREATION

FEBRUARY 2015

FOREWORD

This Fiscal Strategy Paper, the second 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 2015/16 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: Agriculture and food security, Infrastructure, accessibility of water, accessible health care and education. These priorities shall form the basis for formulation of FY 2015/16 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 year 2014/2015; 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.

MR JOHN NJAGI
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING

Acknowledgement

This is the second 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 2015/16 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 2015 CFSP continues to be a collaborative effort. Much of the information in this report was obtained from the County Departments and other Agencies. We are grateful for their inputs. We are also grateful for the comments from the Public Participation Hearing of October 2014 and the 2014/15 County Budget Review and Outlook Paper (CBROP), which provided inputs to this 2015 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 and Economic Planning, Mr.John Njagi, Director Finance and Economic Planning, Mr. Lawrence M. Nzioka for coordinating the execution of this task. We received substantial input from the County Controller of Budget, Mr. Joseph Mugi and the County Head of Revenue, Mr Erick Kinyua.

Special thanks go to the following members of the task force who met and worked tirelessly to prepare this document: Mr.Simeon Irina, Mr. John M. Njeru, Ms.Catherine Gathee, Mr.Boniface Muli Lova, Mr. Linus Mugambi, Mr. Joshua Mwangi, Mr. Paul Kiamba, Mr.Lawrence K. Kwiriga and Mr.Charles N. 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 and Economic Planning department for their dedication, sacrifice and commitment to public service.

DAMIANO MUTHEE
CHIEF OFFICER
FINANCE AND ECONOMIC PLANNING

Legal Basis for the Publication of the County Fiscal Strategy Paper

County Fiscal Strategy Paper (CFSP) is published in accordance with Section 117 of the Public Financial Management Act 2012.This law states that:

1) The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval.
2) County Treasury shall submit the Fiscal Strategy Paper approved in terms of subsection (1) to the County assembly, by the 28th February of each year.
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 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 prudency 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
CARPS	Capacity Assessment and Rationalization of Public Service (
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. UNLOCKING THE POTENTIAL FOR INVESTMENT, EQUITABLE WEALTH AND EMPLOYMENT CREATION

1. Overview

The third County government Medium Term Expenditure Framework (MTEF) budget for the FY 2015/16 will be prepared in the face of challenging economic environment. Generally the Kenyan economy faces a range of challenges as the projected annual growth of 10% expected to lead to sustainable development has not been achieved due to a number of reasons including failure to meet the targeted annual investment growth. This coupled with the need to implement the Constitution and kick start an expansive devolution exercise has squeezed the national government resources. Beyond our borders, the IMF, World economic outlook releases paint a weakening global environment. The County government of Embu operating under this challenging economic environment has seen resources transferred from the national government not meeting the resource requirements for the functions transferred and locally we witness sluggish economic performance leading to a below par collection of local revenue.

In the wake of the various economic challenges, there is need to exercise strict fiscal discipline while focusing on areas that will ignite the economic potential of our county. 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. The county will thus focus on strengthening the potential it is endowed with to stimulate economic growth and development across all sectors.

The key policy for the county in implementing the 2015/16 budget will focus on investing in sectors that will lead to further economic investments in the County, improve local revenue and employment creation. The county will therefore focus on strategic physical infrastructure to facilitate the productive sectors and facilitate the private sector to expand and promote productivity.

Priority areas will 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 be implemented within the available resource envelope.

2. Need for Tough Decisions

The current wage bill stands as at 51.47% of the total revenue. This leaves the county with little resources for development and operations and maintenance expenditure.This calls for more emphasis on increasing the amount of revenue raised by the county. The increase in revenue will ensure availability of more resources meant for development at the same time reducing the proportion of personnel expenditure to the total budget. It is recommended that any existing staffing gaps should be addressed through internal hiring of employees. The recent Capacity Assessment and Rationalization in Public Service and the County government staff audit once implemented will also contribute in addressing the rising wage bill.

Given the inadequacy of the resource envelope, there is need to agree on a development agenda that will involve developing a priority list of programmes and projects to be implemented within the available resource envelop. This should be followed by strict monitoring mechanisms to ensure adherence to the plan and delivery of the same. Developing a list of priority programmes and projects calls for tradeoffs with implementation of some important programmes being postponed to allow the completion of others.

The County Government has noted that our resources are hardly adequate to implement our development agenda. There is therefore need to focus on our capacity to improve our locally raised revenue as the solution to inadequate resources and reduce our reliance on the transfers from the national government. The key interventions that the county should focus on include: establishing and reviewing revenue laws to support revenue collection, automation of revenue collection system, availing the required equipment 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.

Given that our resources are limited, there is need also for increased fiscal discipline coupled with proper alignment of resources and priorities. Departments will be expected to seek ways of generating savings in expenditure while at the same time exploiting opportunities to raise Appropriation in Aid (AiA) target allocated to each.

The county Government will continue to exploit areas that leverage the private sector to generate the much anticipated wealth and employment opportunities. The county government will create an enabling environment that has favourable incentives to attract more investors. There is need for robust taxation policy to improve our collections. New and emerging markets will be developed to create more avenues for employment and wealth creation.

3. Recent Economic Developments and Outlook

Annual inflation increased from 5.7 percent in December 2013 to 6.9 percent in December 2014. However, the inflation rate is expected to fall due to the revised local pump prices. The shilling is also expected to firm up against major international currencies and the official foreign exchange reserves are at a comfortable level. The decrease in inflation will lead to a corresponding drop in food prices hence more resources will be channeled towards development. This will in turn attract more investors to the county.

In respect to the economic developments at the national level, the Embu County Government is committed to sustainable economic growth by deepening and widening the agricultural base in the county, trade, investment and tourism. It is the belief of the County government that this is the path towards revitalization of the county economy resulting to increased and sustainable employment as well as economic empowerment of the county citizens.

The County Government has taken steps to establish value addition industries in the macadamia, milk and horticulture sub-sectors. To spur economic growth and propel the county to higher levels of development, the county government intends to promote investment opportunities and trade. A major investment conference took place within the county to show potential investors the numerous available opportunities. This will eventually trickle down to virtually all sectors of the economy and increase the county's revenue base.

Hospitality sub-sector is another area which is not fully exploited and if investment is focused on it, more income will be generated to enable the county to grow. The Roads sector has grown over the year with more roads being upgraded from earth to gravel standards. This has led to easy access by farmers from their farms to the market delivering their produce. The cost of transport has reduced thus more income to the farmers leading to improved living standards. The development of roads has improved delivery of services. In the energy sector more street lights and high floodlights have been installed which has led to increased trade and a reduction in crime rate in the county.

Expenditure pressures relating to recurrent expenditures pose a fiscal risk to the stability of the budget for 2015/16 - 2017/18 MTEF period in the face of resource requirements for county projects (30% minimum constitutional threshold for development).

Revenues collection excluding AiA grew from Ksh. 61,157,058 for the period July to December 2013 to Ksh. 80,962,277 for the period July to December 2014 translating to an increase of 32.38% in revenue collection. It is also expected that revenues will continue to grow in the second half of the 2014/ 2015 financial year due to the enactment of the Finance Act which will reign on rate defaulters and the peak renewal of single business permits. This is however below the set target of Ksh.185 million as per the current year budget. Introduction of new revenue streams and the enactment of revenue laws underway coupled with investment in revenue infrastructure and staff capacity building will go a long way towards attaining set targets.

II. FISCAL POLICY AND BUDGET FRAMEWORK

1. Overview

The 2015 Medium-Term Fiscal Framework aims at striking an appropriate balance between stimulating economic growth at the County and a balanced fiscal policy. It aims at supporting rapid investment and effective delivery of public goods and services in a sustainable manner. It stresses prudent fiscal policy to reinforce County Government's commitment to responsible financial management practices as outlined in the Public Finance Management Act 2012.

Further, the policy aims at shifting more public resources from recurrent to capital investment so as to promote sustainable and inclusive growth in the long run. Specifically, over the medium term, a minimum of 30% of the budget shall be allocated to development expenditure.

Focus will be on efficiency and improving the productivity of expenditure while at the same time ensuring that adequate resources are available for operations, maintenance, and development. Expenditure will promote equitable development as well as 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.

2. 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. Over the last one year, the County Government has reoriented expenditure towards priority programmes in health, infrastructure, Agriculture and Lands under the medium-term expenditure framework (MTEF).

The county will continue reorienting expenditure towards those priority programmes outlined in County's Integrated Development Plan and as identified in public consultative

forums. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development. The expected share of development funds of the total expenditure will be 37.39%. Recurrent expenditure takes the lion share of 62.61% largely due to the county wage bill totaling Kshs. 2,095,683,204.

Table 1: County Fiscal Projections 2015/16 -2017/18

	Budget	CFSP	Projections	
	2014/15	2015/16	2016/17	2017/18
TOTAL REVENUE	**4,939,266,063.00**	**4,526,890,376.00**	**5,184,916,342.84**	**5,777,303,992.11**
Local Sources	390,000,000.00	300,000,000.00	330,000,000.00	363,000,000.00
AiA (Ministerial)	358,000,000.00	292,418,994.00	321,660,893.40	353,826,982.74
Equitable Share from National government	3,349,196,063.00	3,811,841,355.00	4,294,800,749.44	4,798,176,839.37
Grant (Level Five Hospital)	185,700,000.00	110,597,143.00	224,697,000.00	247,166,700.00
DANIDA HSSF funds	11,370,000.00	12,032,884.00	13,757,700.00	15,133,470.00
Balances B/F 2013/2014	645,000,000.00	-	-	-
TOTAL EXPENDITURE	**4,939,266,063.00**	**4,526,890,376.00**	**5,184,916,342.84**	**5,777,303,992.11**
Recurrent Expenditure	***3,210,769,502.50***	***2,834,376,228.70***	***3,340,821,635.88***	***3,531,611,837.90***
County Executive	**2,786,030,496.50**	**2,418,376,228.70**	**2,914,991,740.62**	**3,095,558,851.58**
Wages and Benefits	*1,990,937,360.00*	*1,849,935,822.64*	*2,182,454,774.49*	*2,269,752,965.47*
Others	*547,058,438.50*	393,222,405.35	457,839,966.13	528,639,186.11
Level 5 Hospital	248,034,698.00	175,218,000.71	274,697,000.00	297,166,700.00
County Assembly	**424,739,006.00**	**416,000,000.00**	**425,829,895.25**	**436,052,986.32**
Wages and Benefits	236,295,559.00	245,747,381.36	255,577,276.61	265,800,367.68
Others	188,443,447.00	170,252,618.64	170,252,618.64	170,252,618.64
Development Expenditure	**1,728,496,560.50**	**1,692,514,147.30**	**1,844,094,706.96**	**2,245,692,154.21**
Domestically Financed	1,570,569,804.50	1,617,335,004.40	1,724,094,706.96	2,125,692,154.21
Level 5 Hospital	157,926,756.00	75,179,142.90	120,000,000.00	120,000,000.00

3. Observing Fiscal Responsibility Principles

The County Government recognizes that the fiscal stance it takes today will have implications into the future. Therefore, in line with the Constitution and the Public Finance Management (PFM) Act of 2012, the principle of sharing the burdens and benefits of the use of resources between the present and future generation implies that we have to make prudent policy decisions.

In order to ensure that development portfolio is not crowded out, the County Government shall ensure adherence to the ratio of development to recurrent of at least 30:70 over the medium

term, as set out in the law. Once the PFM regulations are finalized it is expected that the County Governments will respect ratios guiding the wage levels in general and expenditure management on items such as office supplies and their pricing that should as much as possible reflect actual market prices.

The county Government is also guided by Article 201 of the Constitution of Kenya that provides the public finance principles to be followed that include openness, accountability and public participation in financial matters. In this regard the County will involve the Public in developing priority programmes/projects for implementation and in the actual implementation of the same. 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.

4. Fiscal structural reforms

The total revenue expected in FY 2015/16 is **KShs. 4,526,890,376.00**. Emphasizing on the Medium term Expenditure Framework (MTEF) will ensure proper coordination of policy, planning and budgeting in accordance with county development priorities. 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 modernizing 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 funds.

5. 2015/16 Budget Framework

Revenue is expected to increase by 10 percent in FY 2015/16 underpinned by continued good performance across all sectors. The projected growth assumes normal weather pattern during the year and improved investor confidence in the Country. Inflation is expected to remain low and stable, reflecting continued implementation of a prudent monetary policy and stable food and oil prices, as well as stable exchange rate.

The 2015/16 budget framework will target the County Government's strategic objectives as outlined in the annual development plan and County Integrated Development Plan. This makes County Government to refocus on expenditure from recurrent to development. The medium-term fiscal stance envisages new sources of revenue such as focusing on the untapped sectors. 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.

6. Revenue Projections

County revenue from local sources will be raised through levies, permits, rents, service-charge and rates, and from equitable share of the National revenue as part of the devolved funds. The 2015/16 budget target for revenue collection inclusive of Appropriation-in-Aid (AiA) is expected to be KShs. 592,418,994.00 which is 13.09% of the total county revenue. 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.

The estimated equitable share of revenue from the National Government of KShs. 3,811,841,355.00 is based on Budget Policy Statement (BPS) 2015. Therefore, the total county revenue is expected to reach KShs. 4,526,890,376.00 for the FY 2015/2016.

7. 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 provided a list of project priorities. In 2015/16; the recurrent expenditure is projected to be KShs.

2,834,376,228.70 while development expenditure is expected to be KShs. 1,692,514,147.30 accounting for 62.61% and 37.39% of total expenditure respectively.

8. Recurrent Expenditure

The total wage bill of Kshs. 2,095,683,204.00 accounts for 73.94% of the total recurrent budget while Operations and Maintenance costs account for the remaining 26.06%.

RECURRENT EXPENDITURE	2015/16	PERCENT
Wages and Benefits	**2,095,683,204.00**	73.94%
County Assembly	245,747,381.36	
County Executive	1,849,935,822.64	
Others	**738,693,024.70**	26.06%
County Assembly	170,252,618.64	
County Executive	393,222,405.35	
Level 5 Hospital	175,218,000.71	
TOTAL	**2,834,376,228.70**	**100.00%**

9. 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 expenditures is KShs. 1,692,514,147.30 or 37.39 % of total budget. 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 2005 will help ensure value for money as well as transparency in all procurements. A breakdown of county development expenditure is highlighted below:

Table 2: Development Sector Ceilings for the MTEF Period 2015/16

Name of Sector	Amount	% Share
Total Development Expenditure	**1,692,514,147.30**	**100.00**
Office of the Governor	20,000,000.00	1.18
Finance and Economic Planning	55,879,201.00	3.30
Education, Science & Technology and ICT	88,000,000.00	5.20
Health	137,018,591.00	8.10
Infrastructure, Public Works and Housing	281,034,421.70	16.60
Gender, Women, Children, Culture and Social Services	35,944,971.80	2.12
Trade. Tourism, Investment & Industrialisation	67,497,926.90	3.99
Agriculture, Livestock, Fisheries and Co-operative Development	119,170,376.50	7.04
Lands, Water, Environment and Natural Resources	143,851,456.00	8.50
Youth Empowerment and Sports	68,938,059.50	4.07
County Assembly	200,000,000.00	11.82
Ward Development Projects	400,000,000.00	23.64
Level 5 Hospital	75,179,142.90	4.44

10. Overall Deficit Financing

It is in the interest of the government that county expenditures be limited to county estimates which should be commensurate with revenue collections, share of the national revenue and from other sources. Therefore, the county will not run into deficits while drawing budget because the budget is supported by prerequisite revenue.

III. MEDIUM TERM EXPENDITURE FRAMEWORK

4. 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 above.

- Equitable share from the Consolidated Fund will finance 84.20% of the total budget. 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 locally raised revenue in this medium term to raise its proportion.
- Locally mobilized revenue will fund the 13.09% of the budget. Of these, fees and charges (business permit, user charges, cess, rents and rates etc.) accounts for over 50.64% of the local collection. Appropriation in Aid (AiA) will contribute the remaining 49.36 % which will be mainly from Health, Agriculture, Trade, Lands and infrastructure sectors. Conditional grant and DANIDA HSSF funds will contribute the remaining 4.76%

The County will from this medium term focus on its potential to improve the local revenue source in order to meet the expanding budgetary requirements. Departments have also been challenged to raise Appropriation in Aid (AiA) targets as a complementary strategy of raising sustainable revenue.

5. Spending Priorities

The County has prepared the County Integrated Development Plan (CIDP) for the period 2013-2018 which has taken into account public input through the countywide CIDP consultative meetings and the Medium Term Plan (MTP) II priority programmes covering the period 2013-2018. The county also held public participation forums at sub county level whose input form part of the priority programmes for implementation.

Development expenditures are shared out on the basis of the County Integrated Development Plan (CIDP). The following guidelines are used:

- *On-going projects*: emphasis is given to completion of on-going projects
- *County priority projects:*
- *Ward priority projects*
- *Strategic policy interventions*: on social equity and environmental conservation.

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 2015 MTEF budget, the County Government will continue to pursue the policy of curtailing less productive expenditures and redirecting resultant savings to capital investment. Spending proposals will in this regard undergo rigorous scrutiny to identify areas of inefficient and non-priority expenditure with focus being in the areas indicated in the table below.

Table 4.1 Targeted expenditures for scrutiny to create savings

Personnel Emoluments
Domestic Travel and Subsistence, and Other Transportation Costs
Foreign Travel and Subsistence, and other transportation costs
Printing , Advertising and Information Supplies and Services
Hospitality Supplies and Services
Contracted Services
Purchase of Office Furniture and General Equipment
Purchase of Motor Vehicles

During scrutiny of 2015/16 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, Youth Empowerment & sports and Education and 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 (ECDs), Local Polytechnics and youth empowerment centres as identified during the budget consultations.

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. In particular the county will focus on the following strategic projects under trade – developing and rolling out the Liquor licensing, customizing trade licenses and enforcement of rating act while in tourism plans are under way to develop a Planetarium, open up a new route to Mt Kenya and promote Mwea Game Reserve.

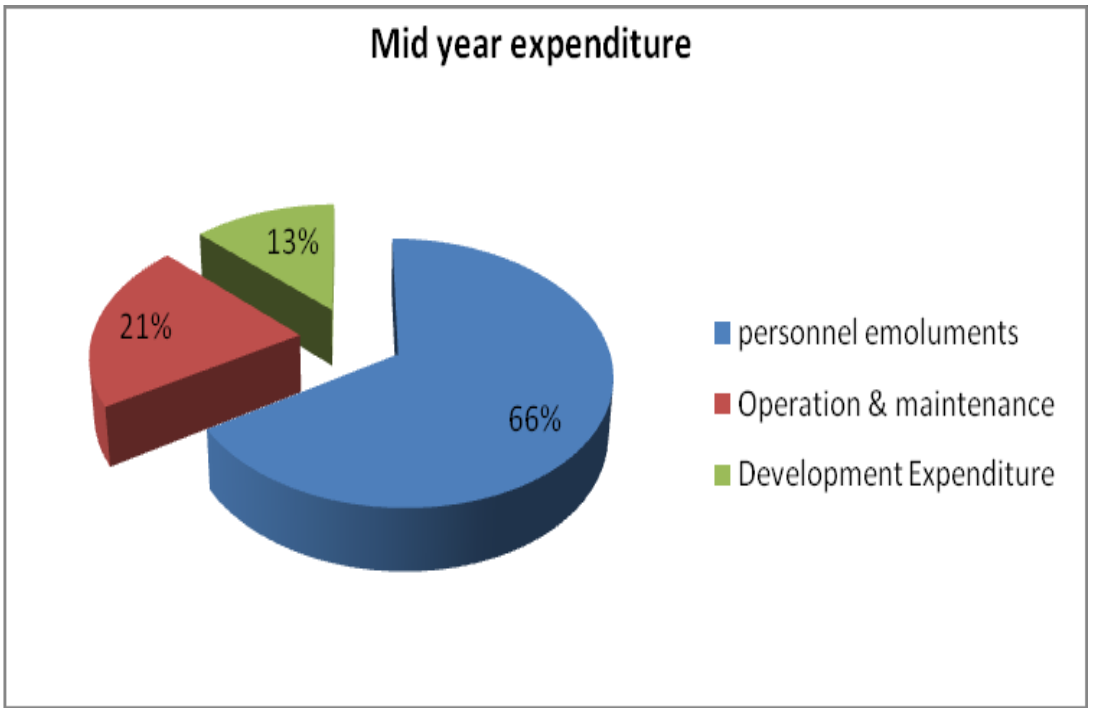
The County Government is committed to improving infrastructure countywide. The share of resources going to the physical infrastructure sector will target development of roads, water and irrigation systems. This will help the sector provide feeder roads for easy access to good and services, increased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

6. 2014/15 Actual Performance

Expenditure in the first half-year of 2014/15 amounted to Kshs 1,567,102,315.00 or about 78.04% of the appropriation for the half year. Performance in local revenue collection during the first half of financial year 2014/2015 was Kshs 130,522,240.00 which translates to 34.9 % of the estimated half year local revenue target.

The county staff audit and Capacity Assessment and Rationalization of Public Service (CARPS) report will guide in determining the right number of staff and quality to enable it identify staff potential and abilities. The report is yet to be implemented. The national government in collaboration with the County Government carried out Service to identify and eliminate all possible "ghost workers". The same will help in reducing the current huge wage bill. It will also account for civil servants and ensure efficient management of public resources.

Figure 1: Expenditure by Economic Classification (Kshs. Millions)



7. Medium-Term Expenditure Estimates

Table 4.2 below provides the projected ceilings for the 2015 MTEF, classified by sector.

Name of Sector	Total Expenditure				% Share		
	2014/15	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
Total Allocation	**4,939,266,063.00**	**4,526,890,376.00**	**5,184,916,342.84**	**5,777,303,992.11**	**100%**	**100%**	**100%**
Office of the Governor	119,010,956.00	125,048,785.34	133,349,710.47	142,392,569.99	2.76%	2.62%	2.76%
Finance and Economic Planning	465,479,192.00	211,979,653.91	262,737,440.33	300,061,838.99	4.68%	5.17%	4.68%
Education, Science & Technology and ICT	238,410,804.00	248,859,603.20	310,828,033.87	354,804,622.38	5.50%	6.11%	6.25%
Health	1,301,707,552.00	1,420,791,919.81	1,553,809,185.44	1,673,991,973.84	30.39%	30.56%	31.39%
Infrastructure, Public Works and Housing	579,166,980.00	322,514,966.98	560,323,858.72	693,672,237.68	7.12%	11.02%	7.12%
Gender, Women, Children, Culture and Social Services	43,167,695.00	57,900,507.09	74,875,801.33	90,437,480.76	1.28%	1.47%	1.59%
Trade, Tourism, Investment and Industrialization	64,484,124.00	94,101,866.05	140,587,459.39	171,331,253.23	2.08%	2.76%	3.02%
Agriculture, Livestock, Fisheries and Co-operative Development	690,166,565.00	439,215,202.50	770,994,659.94	845,799,479.47	9.70%	15.16%	14.90%
Lands, Water, Environment and Natural Resources	296,943,154.00	186,886,124.82	273,105,584.79	335,303,293.99	4.13%	5.37%	5.91%
Investments and Industrialization	89,283,124.00	0.00	0.00	0.00	0.00%	0.00%	0.00%
Youth Empowerment and Sports	133,114,430.00	96,494,602.69	132,997,713.31	162,116,631.46	2.13%	2.62%	2.86%
County Public Service Board	39,631,027.00	41,000,000.00	33,760,000.00	35,638,400.00	0.91%	0.66%	0.63%
Public Service & Administration	-	15,700,000.00	17,020,000.00	18,534,524.00	0.35%	0.33%	0.33%
County Assembly	472,739,006.00	616,000,000.00	525,829,895.25	536,052,986.32	13.61%	10.14%	9.28%
Ward Development Projects	*400,000,000.00	400,000,000.00	*400,000,000.00	*400,000,000.00	8.84%	-	-
Level 5 Hospital	405,961,454.00	250,397,143.61	394,697,000.00	417,166,700.00	5.53%	7.76%	7.35%

*Ward development Projects are factored in the Various portfolios

8. Ceilings

The *2014/15 estimates* has been used as baseline estimates to reflect current spending priorities. Social programs (health and education) and infrastructure receive the largest share followed by economic sectors. The 2015/16 budget is a balanced and is fully funded by equitable share from the consolidated fund and locally generated revenue.

9. Finalization of spending Plans

As indicated earlier, the finalization of the preparation of the detailed budgets will entail thorough scrutiny to curtail spending on non-productive areas and ensure resources are directed to priority programmes. The County will utilize these resources to accommodate key strategic priorities with sound business plans.

10. Details of Sector Priorities

The medium term spending estimates for 2015/16- 2017/18 ensures continuity in resource allocation based on prioritized programs aligned to the County Integrated Development Plan, Second MTP and Vision 2030. The community priory areas outlined in the Ward Forum Report (2015/2016) and policy initiatives to accelerate growth, employment creation and poverty reduction.

i. Agriculture, Livestock, Fisheries and Cooperative Development

The objectives of the sector is to improve livelihoods of Kenyans through promotion of competitive agriculture through irrigation, sustainable livestock and fisheries sub-sectors, growth of a viable cooperatives sub-sector.

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 Sector is important in ensuring food security, assisting the cooperatives societies to mobilise domestic savings, offer credit to members and revamping the livestock and fisheries sub-sector.

The sector relies on the Education sector for both skilled and unskilled labour. The education sector plays a key role in ensuring quality production through gradual trainings that enhances the skills of sector labour force. The sector also relies on health sector to ensure continuous health labour supply. Therefore, the sector has direct and indirect cross sectoral linkages with the other sectors of the economy.

The challenges facing the sector include unfavorable climatic changes, low production due to poor farming methods, inaccessible markets, low value addition, inadequate

funding, and low access to financial services and credit.

Over the 2015/16 – 2017/18 MTEF period, the sector aims to address the above challenges through;

- Raising agricultural productivity
- Exploiting irrigation potential
- Increasing commercialization of agriculture
- Improving governance of agricultural institutions and
- Encouraging other stakeholders to invest in value addition activities.

The 2015/16 – 2017/18 MTEF period estimates for the sector will be Kshs. 2.055 billion. For FY 2015/16, about Kshs. 439 million has been set aside for the sector. This is projected to increase to about Kshs. 770 million and Kshs. 846 million respectively for FY 2016/17 and FY 2017/18. Refer to Annex I, II and III

ii. 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. The sector faces a number of challenges that limits its optimal operations, including inadequate resources and lengthy procurement process. The performance of the sector is determined largely by the execution of the responsibilities assigned to various players. Consequently, the sector also determines the performance of other sectors and especially Agriculture, Livestock, Fisheries and Co-operative Development and trade and tourism, health and lands.

The roads sub-sector is important for other economic activities to thrive. Infrastructure development is closely linked with the environment given that drainage affects the state of roads and cost of maintenance. Further the quantity and quality of water available in the rivers and other water sources for abstraction is highly determined by the physical activities carried out and these affects the environment. The sector is also linked to the

health sector since the activities undertaken affect the environment and the productivity of the area. Availability of sufficient food and water is important to ensuring the health of the people.

Over the medium-term, the sector's priorities include: improving efficiency and effectiveness of the infrastructure development process at all levels of planning, contracting, and construction and expanding and opening access road.

Total MTEF estimate for the sector is Kshs 1.575 Billion of which Kshs 322 million has been set aside for the FY 2015/16. Kshs 560 million and KSh. 693 million have been allocated to the FY 2016/17 and FY 2017/18, respectively. *Refer to Annex I, II and III*

iii. Health

The sector's goal is to provide equitable and affordable health care to the citizens. The sector faces numerous challenges, which include inadequate infrastructure for service delivery, shortage of qualified health personnel, and on time delivery of medicines and medical supplies.

The County plays a significant role in improvement of access and better health care for the citizens. 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. In the medium term, the County will seek to address these challenges through continued investment in infrastructure improvement.
The sector relates with other sectors such as Agriculture, and infrastructure very closely. The sector ensures supply of healthy population which is a vital production factor since it supplies labour to other sectors. A healthy population is able to engage more in productive activities which in turn lead to higher economic development and consequently to better standard of living.

Vibrant agriculture and livestock farming sub-sectors feed the population and ensure they acquire necessary nutrients which are important for the body. This in effect translates to better health and hence increased productivity.

Accessibility to social facilities such as health and education facilities is determined by the state of the roads and road network in the County. The roads sub-sector also ensures access to the physical facilities. This reduces the need to set up facilities where accessibility is high and hence promotes upgrading and enhancement of existing facilities.

Proper housing and sanitary conditions and environmental care will lead to better living conditions and hence reduce the incidence of vector-borne disease such as malaria and other communicable diseases. Consumption of proper diet and access to safe and adequate drinking water are also great determinants of the health of the people.

The total MTEF estimate for the sector is Ksh. 4.64 Billion, of which Kshs. 1.42 billion has been set aside for FY 2015/16. This is projected to increase to Kshs. 1.55 billion for 2016/17 and Kshs. 1.67 billion for 2017/18. *Refer to Annex I, II and III*

iv. Education

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 labour force.

The sector faced a number of challenges including rapid increase in enrollment at all levels of education without an equivalent increase in infrastructure and staff leading to overstretched facilities, overcrowding in learning institutions and high staff ratios which have negatively impacted the quality of education. There is also inadequate infrastructure particularly in pre-primary school.

The sector relates with other sectors such as Agriculture, health and Infrastructure very closely. The sector ensures supply of healthy population which is a vital production factor since it supplies labour to other sectors. A healthy population is able to engage more in productive activities which in turn lead to higher economic development and consequently to better standard of living.

Accessibility to social facilities such as education facilities is determined by the state of the roads and road network in the County. The roads sub-sector also ensures access to the physical facilities. This reduces the need to set up facilities where accessibility is high and hence promotes upgrading and enhancement of existing facilities.

The development of Information Technology is paramount to the success of the health sector. Storage of data, processing, analysis and dissemination of information is highly attributable to the ICT sector. Availability of ICT services is affected by power systems in place which in turn determines the type of services that a facility can offer.

In the medium term, the County will seek to address these challenges by enhancing early childhood education and training opportunities and building capacity by linking polytechnic training to market demands as emphasized in the public forums.

The Total MTEF estimate for the sector is Kshs. 912 million of which Kshs. 248 million has been allocated for FY 2015/16. This is projected to increase to Kshs. 310 million in the FY 2016/17 and Kshs. 354 million in the FY 2017/18. *Refer to Annex I, II and III*

v. Trade, Tourism, Investment and Industrialization

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 by creating an enabling environment. Over the medium-term, the sector aims to improve business environment for investment; undertake policy, legal and institutional reforms for the development of the sector; support entrepreneurship and industrial development; and promote trade.

Trade is one of the major employers in the county, with a big potential of growth. There is a high chance of trade growing following the opening of rural access roads as its going to be easier for goods and services movement. Although there is huge potential of tourism in the county, the sector remains largely under developed. Over the medium-term, the sector plans to create an enabling business environment for trade, tourism,

investment and industrialization development.

The sector requires a health labour force to spur its growth. It will therefore rely heavily on the gains made in the human resources sector to provide both healthy and skilled labour force. To transport the produce to the markets, the sector will require well-developed road network while thriving trade within the County will ensure a ready market for the products. The manpower sector is important to the Agriculture Sector due to provision of labour and response to natural disasters and calamities affecting the sector. The sector depends entirely on raw materials produced in the Agriculture sector.

The sector faces a number of challenges such as low income levels which translates to lesser disposable income being available for investments as well as high capital investment required for some of the flagship projects.

Total MTEF estimate for the sector is Kshs. 405 Million. For the FY 2015/16, Ksh. 94 Million has been set aside. This is projected to increase to Ksh. 140 million and Ksh. 171 million, respectively, for FY 2016/17 and FY 2017/18. *Refer to Annex I, II and III*

vi. Office of the Governor

The function of the office of the Governor through the Executive Committee is to implement 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 2015 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.

For FY 2015/16, Ksh.125 million has been set aside to fund its programmes. The projection for FY 2016/17 is Ksh. 133 million and Ksh. 142 million for the FY 2017/18. The total MTEF estimate for the sector from 2015-18 is Ksh. 400 millions. *Refer to Annex I, II and III*

vii. Finance and Economic Planning

The sector plays a key role in planning, mobilization of financial resources and budget implementation. The overall goal of the Ministry is to enhance the capacity for planning and policy management and coordinate the implementation of the Kenya Vision 2030 so as to make the county a competitive and prosperous county. The Ministry has to contend with challenges in budget implementation that includes; delayed exchequer release, stringent procurement and disbursement procedures and inadequate budget provision. The department key priority areas are public policy research and implementation of the County Integrated Development plan.

Funding over the 2015 MTEF period will enable the sector; promote sound public financial and economic management for socio-economic development; plan and manage the budgetary process, put in place mechanisms to raise the County local revenues, monitor and evaluate the implementation of the county's development plan, provide for pension costs for staff in the executive arm and provide for the County emergency fund.

For FY 2015/16, KSh. 211 million has been set aside to fund its programmes. This is projected to increase to Ksh. 262 million by FY 2016/17 and Ksh. 300 million for the FY 2017/18. The total MTEF estimate for the sector from 2015-18 is Ksh. 773 million. *Refer to Annex I, II and III*

viii. Gender Empowerment and Culture

The Sectors Goal is to promote socio-economic development in communities with emphasis on the disadvantaged members of society, protect and safeguard the rights and welfare of children, co-ordinate disaster management and promote County's cultural heritage. The sector implements strategies that spur economic growth and addresses the social economic needs to the community.

The sector strives to deliver Community mobilization, social development and welfare; Social infrastructure development and gender mainstreaming Children's institutions and community support services; and preservation and promotion of our cultural

heritage in the MTEF period.

For FY 2015/16, Ksh 57 million has been set aside to support the sector' activities. This is projected to increase steadily to Ksh 75 million in 2016/17, and Ksh 90 million in 2017/18 bringing the total MTEF estimate to Ksh 222 million. *Refer to Annex I, II and III.*

ix. Youth Empowerment and Sports

The sector goal is to empower youth through skills development, talent harnessing and developing and maintaining sporting facilities. The sector deliverables in the MTEF period include: Training of youth on entrepreneurial skills, construction of youth empowerment centre and refurbishment of sports facilities.

The sports and youth sub-sector are closely linked with the Education sector. Sports offer an opportunity for people to engage in extra-curriculum activities. This is important for human development and enhances performance. The youth are the main source of labour in the County and thus all other sectors rely on this sector for highly skilled labour force.

The sector also enhances the capacity of women, youth and the vulnerable through trainings and skills transfer. This enables them to participate in development activities as well as acquire important skills that enable them to engage in Income Generating Activities (IGAs)

Total MTEF estimate for the sector is Ksh 390 million. For the FY 2015/16, Ksh. 96 million has been set aside. This is projected to increase to Ksh. 132 million and Ksh. 162 million, for FY 2016/17 and FY 2017/18 respectively. *Refer to Annex I, II and III*

x. Lands, Water, Irrigation, Environmental and Natural Resources

The sector objective is to promote, conserve and protect the environment and improve access to water and enhance sustainable use of Natural resources. The sector plays a key role in ensuring that every citizen has access to portable water in a clean and secure environment. Under this sector, functions include land, soil and water conservation, forestry, storm water management, and water and sanitation services, air pollution, noise

pollution, other public nuisance and outdoor advertising.

Over the MTEF period the sector aims to achieve expansion of water coverage and sewerage facilities; scaling up water storage to improve water security; scaling up irrigation to reduce dependence on rain fed agriculture; protection, conservation and management of catchment areas; enforcement of sector laws and regulations; mineral exploration and mining cadastre system. Going forward, the County Government will introduce policies to involve the private sector in the improving and financing of water services.

The sector is a critical component in production of food and hence food security. This has a direct impact on the income levels. Over reliance on the rain fed agriculture is highly to blame for poverty and poor farm management. The sector relies on the Education sector for mobilization of labour and other resources. Community participation is vital for sustainability of the projects especially the water projects

The MTEF estimate of Ksh 794 million has been allocated for the sector. For FY 2015/16, Ksh. 186 million has been set aside, increasing to Ksh. 273 million for FY 2016/17 and KSh 335 million for FY 2017/18. *Refer to Annex I, II and III*

xi. 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. It main role is to oversight other sectors.

Total MTEF estimate for the County Assembly 2015-2018 is Ksh 1.677 billion for the period. For FY 2015/16, Ksh. 616 million has been set aside increasing to Ksh. 525

million for FY 2016/17 and Ksh 536 million for FY 2017/18. *Refer to Annex I, II and III*

xii. 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.

Total MTEF estimate for the sector in FY 2015-2018 is Ksh 109 million for the period. For FY 2015/16, Ksh. 41 million has been set aside increasing to Ksh. 33 million for FY 2016/17 and Ksh 35 million for FY 2017/18. *Refer to Annex I, II and III*

xiii. Public Service and Administration

Total MTEF estimate for the sector in FY 2015-2018 is Ksh 51 million for the period. For FY 2015/16, Ksh. 15 million has been set aside increasing to Ksh. 17 million for FY 2016/17 and Ksh 18 million for FY 2017/18. *Refer to Annex I, II and III*

IV. CONCLUSION

The current economic conditions call for caution in fiscal dispensation. Macroeconomic stability will be critical to supporting growth. This should be complemented with deeper structural reforms to strengthen the county's resilience and raise growth to a higher trajectory 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 by allowing the recurrent expenditure to decline gradually. Therefore, moderation in county spending will help increase the pool of funds available for development initiatives in the county. Proper utilization of funds of county resources while improving on efficiency will also help to create room for critical interventions in the social sector.

Annex I: Total Expenditure Ceilings for the MTEF Period 2015/16 – 2017/18

		Total Expenditure			
		Budget	**CFSP**	**Ceiling**	
	Sector	**2014/15**	**2015/16**	**2016/17**	**2017/18**
	Total Allocation	**4,939,266,063.00**	**4,526,890,376.00**	**5,184,916,342.84**	**5,777,303,992.11**
1	Office of the Governor	119,010,956.00	125,048,785.34	133,349,710.47	142,392,569.99
2	Finance and Economic Planning	465,479,192.00	211,979,653.91	262,737,440.33	300,061,838.99
3	Education, Science & Technology and ICT	238,410,804.00	248,859,603.20	310,828,033.87	354,804,622.38
4	Health	1,301,707,552.00	1,420,791,919.81	1,553,809,185.44	1,673,991,973.84
5	Infrastructure, Public Works and Housing	579,166,980.00	322,514,966.98	560,323,858.72	693,672,237.68
6	Gender, Women, Children, Culture and Social Services	43,167,695.00	57,900,507.09	74,875,801.33	90,437,480.76
7	Trade and Tourism	64,484,124.00	94,101,866.05	140,587,459.39	171,331,253.23
8	Agriculture, Livestock, Fisheries and Co-operative Development	690,166,565.00	439,215,202.50	770,994,659.94	845,799,479.47
9	Lands, Water, Environment and Natural Resources	296,943,154.00	186,886,124.82	273,105,584.79	335,303,293.99
10	Investments and Industrialization	89,283,124.00	0.00	0.00	0.00
11	Youth Empowerment and Sports	133,114,430.00	96,494,602.69	132,997,713.31	162,116,631.46
12	County Public Service Board	39,631,027.00	41,000,000.00	33,760,000.00	35,638,400.00
13	Public Service & Administration	-	15,700,000.00	17,020,000.00	18,534,524.00
14	County Assembly	472,739,006.00	616,000,000.00	525,829,895.25	536,052,986.32
15	Ward Development Projects	*400,000,000.00	400,000,000.00	*400,000,000.00	*400,000,000.00
16	Level 5 Hospital	405,961,454.00	250,397,143.61	394,697,000.00	417,166,700.00

- Ward Development Projects are factored within the various portfolios

Annex II: Recurrent Sector Ceilings for the MTEF Period 2015/16 – 2017/18

Name of Sector	Budget			Ceiling	
		2014/15	2015/16	2016/17	2017/18
Office of the Governor	**Net**	**119,010,956.00**	**105,048,785.34**	**113,349,710.47**	**122,392,569.99**
Of Which	Salaries	35,319,766.00	36,732,556.64	38,201,858.91	39,729,933.26
	Others	83,691,190.00	68,316,228.70	75,147,851.57	82,662,636.72
Finance and Economic Planning	**Net**	**170,137,024.73**	**156,100,452.91**	**172,826,498.22**	**187,641,001.00**
Of Which	Salaries	106,360,414.23	110,614,830.80	115,039,424.03	119,641,001.00
	Others	63,776,610.50	45,485,622.11	57,787,074.19	68,000,000.00
Education, Science & Technology and ICT	**Net**	**121,760,804.00**	**160,859,603.20**	**181,940,154.84**	**193,648,671.54**
Of Which	Salaries	86,730,804.00	134,464,696.00	147,824,963.52	153,737,962.06
	Others	35,030,000.00	26,394,907.20	34,115,191.32	39,910,709.48
Health	**Net**	**1,334,758,513.77**	**1,283,773,328.81**	**1,340,532,995.44**	**1,407,320,449.33**
Of Which	Salaries	1,174,297,875.77	1,191,502,058.88	1,239,162,141.24	1,288,728,626.88
	Others	160,460,638.00	92,271,269.93	101,370,854.20	118,591,822.45
Infrastructure, Public Works, energy and Housing	**Net**	**59,957,189.00**	**41,480,545.28**	**60,040,084.46**	**68,138,572.77**
Of Which	Salaries	14,957,189.00	15,555,476.56	16,177,695.62	16,824,803.45
	Others	45,000,000.00	25,925,068.72	43,862,388.84	51,313,769.33
Gender, Women, Children, Culture and Social Services	**Net**	**23,167,695.00**	**21,955,535.29**	**23,561,855.44**	**26,276,693.86**
Of Which	Salaries	9,167,695.00	9,534,402.80	9,915,778.91	10,312,410.07
	Others	14,000,000.00	12,421,132.49	13,646,076.53	15,964,283.79
Trade, Tourism, Investment and Industrialization	**Net**	**22,283,124.00**	**26,603,939.15**	**28,272,287.14**	**30,897,113.77**
Of Which	Salaries	7,283,124.00	9,648,897.92	9,954,853.84	10,192,524.00
	Others	15,000,000.00	16,955,041.23	18,317,433.30	20,704,589.78
Agriculture, Livestock, Fisheries and Co-operative Development	**Net**	**553,666,565.00**	**320,044,826.00**	**593,287,983.81**	**623,602,570.20**
Of Which	Salaries	501,666,565.00	280,829,536.00	542,602,556.70	564,306,658.97
	Others	52,000,000.00	39,215,290.00	50,685,427.10	59,295,911.22
Lands, Water, Environment and Natural Resources	**Net**	**45,492,696.00**	**43,034,668.82**	**46,212,253.05**	**51,605,471.57**
Of Which	Salaries	17,492,696.00	18,192,403.84	18,920,099.99	19,676,903.99
	Others	28,000,000.00	24,842,264.98	27,292,153.05	31,928,567.58
Investments and Industrialization	**Net**	**19,283,124.00**	**0.00**	**0.00**	**(0.00)**

Name of Sector	Budget			Ceiling	
		2014/15	2015/16	2016/17	2017/18
Of Which	Salaries	7,283,124.00	0.00	(0.00)	(0.00)
	Others	12,000,000.00	0.00	0.00	0.00
Youth Empowerment and Sports	**Net**	**28,847,080.00**	**27,556,543.19**	**29,490,917.76**	**32,696,113.56**
Of Which	Salaries	12,847,080.00	13,360,963.20	13,895,401.73	14,451,217.80
	Others	16,000,000.00	14,195,579.99	15,595,516.03	18,244,895.76
County Public Service Board	**Net**	**39,631,027.00**	**41,000,000.00**	**33,760,000.00**	**35,638,400.00**
Of Which	Salaries	17,531,027.00	24,000,000.00	24,960,000.00	25,958,400.00
	Others	22,100,000.00	17,000,000.00	8,800,000.00	9,680,000.00
Public Service & Administration	**Net**	**-**	**15,700,000.00**	**17,020,000.00**	**18,534,524.00**
Of Which	Salaries		5,500,000.00	5,800,000.00	6,192,524.00
	Others		10,200,000.00	11,220,000.00	12,342,000.00
County Assembly	**Net**	**424,739,006.00**	**416,000,000.00**	**425,829,895.25**	**436,052,986.32**
Of Which	Salaries	236,295,559.00	245,747,381.36	255,577,276.61	265,800,367.68
	Others	188,443,447.00	170,252,618.64	170,252,618.64	170,252,618.64
Level 5 Hospital	**Net**	**248,034,698.00**	**175,218,000.71**	**274,697,000.00**	**297,166,700.00**
Of Which	Salaries	-	-	-	-
	Others	248,034,698.00	175,218,000.71	274,697,000.00	297,166,700.00
Total Recurrent	**Net**	**3,210,769,502.50**	**2,834,376,228.70**	**3,340,821,635.88**	**3,531,611,837.90**
Of Which	Salaries	2,227,232,919.00	2,095,683,204.00	2,438,032,051.10	2,535,553,333.15
	Others	983,536,583.50	738,693,024.70	902,789,584.77	996,058,504.75

Annex III: Development Sector Ceilings for the MTEF Period 2015/16 – 2017/18

Name of Sector		Budget	CFSP	Ceiling	
		2014/15	2015/16	2016/17	2017/18
Office of the Governor	**Gross**	**0.00**	**20,000,000.00**	**20,000,000.00**	**20,000,000.00**
	Net		20,000,000.00	20,000,000.00	20,000,000.00
	Grant				
Finance and Economic Planning	**Gross**	**69,699,849.50**	**55,879,201.00**	**89,910,942.11**	**112,420,837.99**
	Net	69,699,849.50	55,879,201.00	89,910,942.11	112,420,837.99
	Grant				
Education, Science & Technology and ICT	**Gross**	**116,650,000.00**	**88,000,000.00**	**128,887,879.03**	**161,155,950.84**
	Net	116,650,000.00	88,000,000.00	128,887,879.03	161,155,950.84
	Grant				
Health	**Gross**	**192,591,356.00**	**137,018,591.00**	**213,276,190.00**	**266,671,524.51**
	Net	192,591,356.00	137,018,591.00	213,276,190.00	266,671,524.51
	Grant				
Infrastructure, Public Works, Energy and Housing	**Gross**	**519,209,791.00**	**281,034,421.70**	**500,283,774.26**	**625,533,664.91**
	Net	519,209,791.00	281,034,421.70	500,283,774.26	625,533,664.91
	Grant				
Gender, Women, Children, Culture and Social Services	**Gross**	**20,000,000.00**	**35,944,971.80**	**51,313,945.89**	**64,160,786.90**
	Net	20,000,000.00	35,944,971.80	51,313,945.89	64,160,786.90
	Grant				
Trade and Tourism	**Gross**	**42,201,000.00**	**67,497,926.90**	**112,315,172.25**	**140,434,139.47**
	Net	42,201,000.00	67,497,926.90	112,315,172.25	140,434,139.47
	Grant				
Agriculture, Livestock, Fisheries and Co-operative Development	**Gross**	**136,500,000.00**	**119,170,376.50**	**177,706,676.13**	**222,196,909.27**
	Net	136,500,000.00	119,170,376.50	177,706,676.13	222,196,909.27
	Grant				
Lands, Water, Environment and Natural Resources	**Gross**	**251,450,458.00**	**143,851,456.00**	**226,893,331.74**	**283,697,822.42**
	Net	251,450,458.00	143,851,456.00	226,893,331.74	283,697,822.42

Name of Sector		Budget	CFSP	Ceiling	
		2014/15	2015/16	2016/17	2017/18
	Grant				
Investments and Industrialization	**Gross**	**70,000,000.00**	**0.00**	**-**	**0.00**
	Net	70,000,000.00	0.00	-	0.00
	Grant				
Youth Empowerment and Sports	**Gross**	**104,267,350.00**	**68,938,059.50**	**103,506,795.55**	**129,420,517.90**
	Net	104,267,350.00	68,938,059.50	103,506,795.55	129,420,517.90
	Grant				
County Public Service Board	**Gross**	**0.00**	**0.00**	**0.00**	**0.00**
	Net	0.00	0.00		
	Grant				
Public Service & Administration	**Gross**	**0.00**	**0.00**	**0.00**	**0.00**
	Net	0.00	0.00	-	-
	Grant	0.00	0.00	-	-
County Assembly	**Gross**	**48,000,000.00**	**200,000,000.00**	**100,000,000.00**	**-**
	Net	48,000,000.00	200,000,000.00	100,000,000.00	
Ward Development Projects	Gross	*400,000,000.00	400,000,000.00	*400,000,000.00	* 400,000,000.00
Level 5 Hospital	**Gross**	**157,926,756.00**	**75,179,142.90**	**120,000,000.00**	**120,000,000.00**
	Net	157,926,756.00	75,179,142.90	120,000,000.00	120,000,000.00
	Grant				
TOTAL DEVELOPMENT	**Gross**	**1,728,496,560.50**	**1,692,514,147.30**	**1,844,094,706.96**	**2,145,692,154.21**
	Net	1,728,496,560.50	1,692,514,147.30	1,844,094,706.96	2,145,692,154.21
	Grant	0.00	0.00	0.00	0.00

* Ward Development Projects are factored within the various portfolios

Annex IV: Appropriation in Aid (AiA) for the MTEF Period 2015/16 – 2017/18

Name of Sector	2015/16	2016/17	2017/18
Office of the Governor	1,000,000.00	1,100,000.00	1,210,000.00
Finance and Economic Planning	1,000,000.00	1,100,000.00	1,210,000.00
Education, Technology & ICT	1,000,000.00	1,100,000.00	1,210,000.00
Health	200,000,000.00	220,000,000.00	242,000,000.00
Infrastructure, Public Works & Housing	45,000,000.00	49,500,000.00	54,450,000.00
Sports & Youth Affairs	10,000,000.00	11,000,000.00	12,100,000.00
Agriculture, Livestock & Cooperative Development	20,000,000.00	22,000,000.00	24,200,000.00
Gender Empowerment & Culture	1,000,000.00	1,100,000.00	1,210,000.00
Trade, Tourism, Investment and Industrialization	3,000,000.00	3,300,000.00	3,630,000.00
Lands, Water & Natural Resources	10,000,000.00	11,000,000.00	12,100,000.00
County Assembly	418,994.00	460,893.40	506,982.74
Total	**292,418,994.00**	**321,660,893.40**	**353,826,982.74**