REPUBLIC OF KENYA

COUNTY GOVERNMENT OF MERU

FY 2021/22 COUNTY FISCAL STRATEGY PAPER

February 26, 2021

A Green United Prosperous Model County

© County Fiscal Strategy Paper (CFSP) 2021

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CFSP 2021 will be published on the website at: www.meru.go.ke within 7 days of adoption by the CountyExecutiveCommittee

Foreword

The 2021 County Fiscal Strategy Paper (CFSP) is prepared against a background of a contracting global economy occasioned by the outbreak and the rapid spread of the Covid-19 Pandemic. The Pandemic and the ensuing containment measures have devastated global economies disrupting businesses and livelihoods resulting to contraction in growth by 4.7% as compared to year 2020.Global growth is projected to pick up to 4.5 percent in 2022 due to strengthening and additional policy support in a few large economies.

On the domestic scene, Kenya has not been spared of the negative impact of the Pandemic. The Pandemic and the resultant containment measures have adversely affected businesses and economic activities. The precautionary measures taken by government continue to have negative economic impacts on businesses across all sectors. Nonetheless, there was an improvement in economic activity in the third and fourth quarters of 2020, following reopening of the economy. The economy is therefore estimated to grow by 0.6 percent in 2020 and projected to bounce back to above 6.0 percent over the medium term. This economic recovery will be supported by the stable macroeconomic environment, turn around in trade as economies recover from Covid-19 Pandemic and expected favourable weather that will support agricultural output.

On the County scene the Covid-19 pandemic has caused a major economic shock and disruptions which are likely to be felt in the short and medium term. As the national government comes up with various feasible recommendation to mitigate the impacts of the pandemic the County government will on its end seeks to engage in partnerships with organizations e.g. Safaricom to help in support of business community through issuing of loans . To further reinforce this growth outlook, the policy measures outlined in the 2021 Fiscal Strategy Paper aim at stimulating economic recovery to further re-position the economy on a steady and sustainable growth trajectory. The policies in this document have been aligned to key National and County policy documents which include; Medium-Term Plan III of the Vision 2030 as prioritized in the “Big Four” Agenda; Sustainable Development Goals(SDGs), County Vision 2040, County Integrated Development Plan(CIDP 2018-2022) and County Annual Development Plan (ADP 2020/2021).

This CFSP has reviewed the preceding year’s (FY 2019/20) performance of revenues and expenditures and their implication towards the County’s growth and development. Prevailing unfavourable economic conditions adversely affected revenue performance leading to a below target in targeted collections. At

the same time, additional expenditure requests for FY 2020/21 budget are at unprecedented levels which necessitated alignment of expenditures to the available fiscal space.

Going forward, we expect revenue collection in the FY 2021/22 to spring back buoyed by the improving economic environment and revenue administration measures that we have put in place. The enhanced revenue will enable implementation of government agenda at outlined in county plans and the Governors manifesto. Together with expenditure rationalization measures that we have instituted, we expect the funding pressures to ease and create fiscal space for priority programmes in the FY2021/22 and the Medium Term Budget.

The policy intentions outlined in this Fiscal Strategy Paper have benefited from wide consultations. I would like to thank H.E. the Governor for his guidance while developing this document. Much appreciation to my Cabinet colleagues, staff of the Finance and Planning, Stakeholders and the general public for their valuable contributions.

CHARLES MWENDA KAIBIRIA

FOR: DEPUTY GOVERNOR/COUNTY EXECUTIVE MEMBER FINANCE, ECONOMIC PLANNING&ICT

Acknowledgement

The 2021 CFSP has been prepared in compliance with the provisions of Public Finance Management Act, 2012. It outlines the current state of the economy, provides macro-economic and fiscal outlook over the medium term and specifies the set strategic priorities and policy goals together with a summary of Government spending plans, as a basis for the FY 2021/22 budget. As we finalize the budget for the FY 2021/22 and the medium term, I wish to emphasize that resources are limited while at the same time, the Government is confronted with significant expenditure demands. This calls for proper prioritization to ensure that we focus on critical expenditures with the highest positive impact on the well-being of citizens. For this reason, the Government will continue to prudently manage the use of public resources over the 2021/22-2023/24 Medium Term Expenditure Framework (MTEF).

Towards this end, while developing the budget proposals for the medium-term, Sector Working Groups (SWGs) undertook a critical scrutiny of individual Departments and Agencies budgets execution reports to curtail growth of recurrent budgets especially budget items under the category referred to as use of goods and services. The SWGs also ensured that funding priority is accorded to completion of ongoing projects, which are supportive to accelerated inclusive growth and development.

Preparation of the 2021 FSP was a collaborative effort among various departments and stakeholders. We are grateful for their inputs. We thank all the departments and agencies for timely provision of information. We are also grateful for the comments received from the Budget and Economic Forum and the general public which provided invaluable inputs to the paper. Finally, we are grateful to the core team from Budget and economic planning department under the guidance of the Director Budget that coordinated finalization of this document.

DINAH GACERI GIKUNDA

FOR: CHIEF OFFICER FINANCE, ECONOMIC PLANNING & ICT

Abbreviations and Acronyms

CBK	Central Bank of Kenya
CECM	County Executive Committee Member
CRA	Commission on Revenue Allocation
CSWGs	County Sector Working Groups
CRA	Commission of Revenue Allocation
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
FSP	Fiscal Strategy Paper
CIDP	County Integrated Development Plan
ADP	Annual Development Plan
FY	Financial Year
GDP	Gross Domestic Product
IBEC	Inter-Governmental Budget and Economic Council
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
PFM	Public Finance Management
PWD	People with Disabilities
SRC	Salaries and Remuneration Commission
SWG	Sector Working Group
ASDSP	Agricultural Sector Development Support Programme
BPS	Budget Policy statement
CBR	Central Bank Rate
ICT	Information Communication & Technology

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

The Meru County FSP is prepared in accordance to Section 117 (1) of the PFMA, 2012 which states that:

(1) The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and thereafter County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by 28th February of each year.

(2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.

(3) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.

(4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year 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; and
d) Any other forum that is established by legislation.

(6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the County Assembly (CA), the CA shall consider and may adopt it with or without amendments.

(7) The County Treasury shall consider any recommendations made by the CA when finalizing the budget proposal for the financial year concerned.

(8) The County Treasury shall publish and publicize the County Fiscal Strategy Paper.

Fiscal Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the PFMA (2012) sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources.

Section 107 states that:

(1) A County Treasury shall manage its public finances in accordance to the principles of fiscal responsibility set out in Sub-section (2), and shall not exceed the limits stated in the regulations.

(2) In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles:

a) The county government's recurrent expenditure shall not exceed its total revenue;
b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
c) the county government's expenditure on wages and benefits for its public officers shall not exceed 35 percentage of its total revenue;
d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
e) The county's debt shall be maintained at a sustainable level as approved by the CA;
f) The fiscal risks shall be managed prudently; and
g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained taking into account any tax reforms that may be made in the future.

(3) For the purposes of Subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.

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Outline of the County Fiscal Strategy Paper

The Fiscal Strategy Paper (FSP) is a Government policy document that sets out the broad strategic priorities and policy goals to guide County Governments in preparing their budgets for the subsequent financial year and over the medium term. In the document, adherence to the fiscal responsibility principles demonstrates prudent and transparent management of public resources in line with the Constitution and the Public Finance Management (PFM) Act, 2012.

The FSP contains:

a) An assessment of the current state of the economy including macroeconomic forecasts;
b) The financial outlook with respect to Government revenue, expenditures and borrowing for the next financial year and over the medium term;
c) The proposed expenditure ceilings for departments and agencies;
d) The fiscal responsibility principles and financial objectives over the medium term including limits on ; and
e) Statement of Specific Fiscal Risks.

Preparation of the FSP is a consultative process that involves seeking and taking into account views of: The commission on revenue allocation; the public; any interested persons or groups; and any other forum that is established by legislation.

This Fiscal Strategy Paper consists five sections as outlined below:

Chapter 1: County Strategic Blueprint

The chapter introduces the key development objectives the county is seeking to achieve within its tenure and respective programmes set to support such ambitions. It also gives details on specific initiatives to be undertaken under each programme.

Chapter 2: Recent Economic Developments and Policy Outlook

This chapter outlines the economic context that will guide preparation of FY 2021/22 MTEF budget. It provides an overview of the global, national and county economic & macroeconomic developments.

Chapter 3: Fiscal Policy Budget Framework

This chapter outlines the fiscal framework that is supportive of the realization of growth over the medium to long term as well as the fiscal strategies for the realization of the county's economic prospects. It sets out a framework for sustainable public finances management, while managing vulnerability to economic and fiscal risks.

Chapter 4: Medium Term Expenditure Framework

This section presents the resource envelope, spending priorities, strategic priorities and interventions for the proposed 2021/22 MTEF budget and the medium term. Sector achievements for the MTEF period are also reviewed.

Chapter 5: Conclusion

The chapter summarizes the primary changes and decisions to be effected in an endeavour to reach the county government's fiscal goals.

CHAPTER 1: COUNTY STRATEGIC BLUE PRINT

1.0 Overview

National and international economic dynamics shape the direction of growth and development of the County; national, regional and global economic developments therefore influence development decisions of the County. It is thus imperative that policy, planning and budgeting decisions at the County level are made within the context of national, regional and global economic developments.

The world economic performance before 2020 had been stable and robust. The emergence of COVID-19 pandemic in China towards the end of 2019, caused a contraction of global economies. In Kenya, a decline in economic activities has been experienced. A decline in consumption and levels of disposable income will affect the production sector which is expected to negatively impact the generation of National and County government revenues. Kenya Government has initiated some supportive modalities to many sectors to ensure the pandemic has not crippled their subsistence, the same has been cascaded to the County through various recovery strategies.

The County has formulated various measures to alleviate the negative effects of COVID in the macroeconomic environment. To this end, Departments, under their various programmes and projects for the Medium-term are expected to leverage on assisting the various productive sectors and human capital recover from the effects of the novel COVID-19. It is to be noted that the programmes are to drive a social budget in the Medium-term.

The county's economy is largely driven by agriculture both in Crop farming and livestock-keeping activities that is practiced across all sub counties.The County will develop and implement broad based strategies and interventions in the financial year 2021/22 and over the medium term targeting the County's growth potential areas for maximum realization of development outcomes. The County's priorities during the period will also be aligned to 'The Big Four Plan' of the national government and County Vision 2040.

1.1 Blueprint Priorities

The county government during the financial year 2021/22 and in the medium term will continue channelling resources to address the various key challenges facing Meru people which include insufficient water for agriculture and domestic use, poor road network, inequitable distribution of resources and food insecurity. In this regard funds will be geared towards achieving the following transformations and outcomes;

1. Drilling of water boreholes, distribution of boreholes waters to households and support to major community projects through construction of water intakes, purchase of pipes and water tanks to the households.
2. Investment in agriculture for food and cash for households through intensive capacity building of farmers, provision of seedlings, extension services ,value addition and supporting marketing of farm produce.
3. Women empowerment through capacity building, Issuance of seed capital, development and implementation of gender policy and operationalization of intergovernmental gender reforms
4. Support to people living with disability through ; capacity building, provision of assistive devices, issuance of seed capital and skills acquisition
5. Youth empowerment through; MYS programme, Identification and development of talents.
6. Investing in health through infrastructure development, ensuring there is adequate drugs, investing in public health education and preventive healthcare.
7. Improving road infrastructure across the county.
8. Ensure quality education through support to ECDE and vocation training centres and improving infrastructure in schools and purchase of learning materials.
9. Urbanization of towns through operationalization of town boards and municipal boards, improving infrastructure i.e. roads, water, electricity and security and encourage private investors to build business premises in our towns.
10. Promoting entrepreneurship and attracting private investments to the county to open up business and investment opportunities in the county.
11. Maintenance of market infrastructure by continuous face-lifting.

12. Empowerment of urban management committee to manage garbage and waste collection through local initiative

CFSP 2021/22 embraces broad strategies and targeted interventions committed to unlocking the growth potential of the County while strengthening resilience to shocks and fostering sustainable growth and development. The paper therefore articulates priority economic policies, and sector-specific expenditure programmes to be implemented under the Medium Term Expenditure Framework for the financial year periods 2021/22-2023/24 to actualize County Government's mission of promoting Sustainable Development, Socio-economic Empowerment, Technological Innovations and Industrialization.

Chapter Two: Recent Economic Development and Outlook

2.1 Overview

In this chapter, highlights of the economic performance reflecting effects both at the national and county level have been detailed. This is in the light that the county's economic performance is tremendously dependent on the country's economic performance, macro- economic stability, Kenya's fiscal and economic policy formulations and implementation.

2.2 Macro-Economic Performance Indicators

In the year 2020, the Kenyan Economy was projected to grow by 6 percent. During the first quarter of 2020 however the annual economic growth slowed to 4.9 percent from 5.5 percent in the previous period. That was the slowest pace of expansion since the second quarter of 2017 attributed to the uncertainties created by the coronavirus pandemic which caused severe economic disruptions during the year.

The pandemic which was first reported in Kenya in March 2020, effectively interrupted investments and growth at a global scale. In Kenya the Country's tourism sector became the most affected as reflected in travel, accommodation & food services. Significant slowed growth was also observed in transportation & storage, finance & insurance (and real estate activities. In contrast however, solid rises were recorded in information & communication, mining & quarrying and agriculture. On a seasonally quarterly basis, the economy advanced 1.1 percent, following a downwardly revised 1.4 percent growth in the previous period.

2.3 Socio-Economic Effect of COVID-19 in the County.

a. Loss of employment

The pandemic saw disruption in business activities due to the containment measures. undifferentiated goods, wholesale and retail trade; repair of motor vehicles and motorcycles recorded on average loss of 10 hours and 9 hours per week, respectively. Education sector reported the highest level of loss of hours worked (28 hours) followed by workers in Transportation and storage (15.7 hours). Workers in construction and accommodation and food service activities lost a total of 13.7 hours and 10.5 hours per week, respectively. In private

sector schools, teachers and other workers lost their incomes due to closure of schools. Some other businesses such as bars, hotels, market centres totally closed, leading to reduced business activities. Significant proportions of workers in the transport sector were affected due to restrictions of moving in and out of Nairobi occasioned by the lockdown. These layoffs resulted to reduced household incomes, negatively affecting the local economy.

b. Decline in Trade

Reduction of trading hours and the restrictions in movement caused devastating effects specifically on the MSEs sector who comprise the largest proportion of traders in the county. The suspension of the Mitumba importation was manifested by the closure of most related business. While surveys on the actual impact on trade levels are being concluded, preliminary analysis indicated a more than 20% decline in business operations as witnessed in the closure of existing business.

c. Slowdown in the Agricultural sector

The access to market was limited due to government restrictions on curfew hours and cessation of movements. Miraa trade faced a further blow occasioned by its banning in Somalia. However, lifting of cessation of movements in and out Nairobi and reduced curfew hours, there was a gradual resumption of market activities to their norm. The county Government is however working to resolve diplomatic issues with Somalia to ease the strain in the Miraa market. The locust infestation on the other hand as well as poor performance of the rains contributed even further to production and profitability decline in the sector.

2.4 National Economic Performance

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

In 2020, the country's economy was hugely affected by the outbreak of Covid-19 Pandemic and the instituted containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. As a result, the economy is estimated to slow down to around 0.6 percent in 2020 from a growth of 5.4 percent

in 2019. Looking ahead, the economy is projected to recover and grow by about 6.4 percent in 2021 and above 6.2 percent over the medium term.

The agricultural sector recorded an improved growth of 6.4 percent in the second quarter of 2020 compared to a growth of 2.9 percent in the corresponding quarter of 2019. The sector's performance was supported by a notable increase in tea production, cane deliveries, milk intake and fruit exports.

The non-agriculture (service and industry) sectors was adversely affected by the Covid-19 pandemic during the second quarter of 2020. As a result, the sector contracted by 8.5 percent in the second quarter of 2020 down from a growth of 6.4 percent in a similar quarter in 2019.

2.4.1 Inflation Rate

Year-on-year overall inflation rate remained low, stable and within the Government target range of 5+/-2.5 percent since end 2017 demonstrating prudent monetary policies. The inflation rate was at 5.6 percent in December 2020 from 5.8 percent in December 2019. This lower inflation was supported by a reduction in food prices.

2.4.2 Interest Rates

Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.00 percent on November 26, 2020 same as in April 2020 to Performance in various economic sectors in the County signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises, distressed by COVID-19 pandemic. The interbank rate declined to 5.1 percent in December 2020 from 6.0 percent in December 2019 in line with the easing of the monetary policy and adequate liquidity in the money market.

2.5 Effects of Macro-Economic performance to the County's Economic performance

Shrinking of the economy due to COVID-19 adversely affected the county's economy. Containment measures have devastated the economy, most notably, loss of working hours. Unemployment due to reduction in business activities impacted household's purchasing power leading to general decline in economic growth. The economy is however expected to pick up as containment measures and restrictions are gradually lifted.

Credit uptake by SMEs have been slow due to slowdown in economic activity. However, stability in interest rates is important to guarantee access to low cost credit to SMES and other small enterprises in Meru County. The CBK is monitoring and regulating interest rates to guarantee macroeconomic stability to enable recovery from COVID 19 pandemic.

The National government through its monitary policies continues to maintain inflation rates at targeted levels of 5+/-2.5 to cushion members of the public from rising cost of living.

Continued stability in the Kenya currency has been significant to Meru County residents as it has protected the local economy which mainly depends on tea, coffee and horticulture exports which are vulnerable to volatility in currency fluctuations.

Further, the pandemic led to poor business activity and negatively impacting on revenue targets by National Government. This in turn led to the late disbursements of funds to County Governments and consequently causing adverse effects in budgetary implementation.

2.6 County Fiscal Outlook

2.6.1 County Update of Fiscal Performance and Emerging Trends

The County Treasury prepared FY 2019/20 budget and was approved by the County Assembly. The total resource envelope amounted to Ksh 11,243,652,518.30 out of which Ksh. 7,897,653,905.3 (70%) was to fund recurrent expenditure and Ksh.3, 345,998,613 (30%) was meant for development expenditure. The major sources of revenue were Ksh. 8,309,100,000 (71%) as equitable share from the National Government, Ksh. 705,000,000(6.27%) as projected Own Source Revenue and Ksh 1,558,684,760 (13.86%) as conditional grants and loans from various organizations.

During the FY 2019/20, the total revenue received amounted to Kshs.10, 173,000,879 against targeted revenues of Kshs.11, 243,652,312.Total expenditure amounted to Kshs. 9,638,228,419 representing 94.7% of actual revenue realized. The shortfall in revenue target was attributed to national governments delay in exchequer releases and as well as shortfall in local revenue. The underperformance of own local revenue was made worse by the outbreak of the Covid-19 pandemic which disrupted economic activities which led to closure of businesses and implementation of curfew and necessitated implementation of revenue relief measures to cushion residents against adverse effects of the pandemic.

2.6.1.1 Revenue Performance

From the table below actual local revenue collected through County revenue Fund amounted to Kshs. 383.30 Million against a target of Kshs 705 Million hence a shortfall of Kshs.321.7 Million. In addition to the above, county through other institutional funds was able to generate Kshs. 178.2 million under FIF, Kshs.7.92 million under AMS Mitunguu and Kshs. 13.4 million under Kaguru ATC.

Own revenue shortfall was attributed mainly by the outbreak of the Covid-19 pandemic, which led to closure of many business and the economy at large. In addition all major revenue sources were also affected by perennial challenges of mobility due the unavailability of enough vehicles and an outdated valuation roll.

Table 3.1 FY 2019/20 Revenue performance

Description	**2019/20 FY**			
	Approved Budget Est'	**Actual Receipts**	**Deviation**	**% Absorption**
	B	**c**	**(c-b)**	**(c/b)**
REVENUE				
Equitable Share Allocation	8,039,100,000.00	7,347,737,400.00	-691,362,600.00	91.40%
Conditional Grants	1,558,684,560.00	1,442,935,092.00	-115,749,468.00	92.57%
Roll-over from Previous FY	820,867,752.00	820,867,752.00	-	100.00%
County own revenues	705,000,000.00	383,299,870.00	-321,700,130.00	54.37%
Appropriation in Aid	120,000,000.00	178,160,765.00	58,160,765.00	148.47%
Total Revenue & Grants	**11,243,652,312**	**10,173,000,879.00**	**-1,070,651,433.00**	**90.48%**

Table 3.2 Local Revenue collected For the FY 2019/20

MERU COUNTY TOTAL REVENUE COLLECTION ANALYSIS YR 2019/2020 AS PER SOURCE						
No.	**Revenue Stream**	**1st quarter**	**2nd quarter**	**3rd quarter**	**4th quarter**	**TOTALS**
1	Slaughter house fees	1,609,328	1,393,853	1,446,740	1,137,138	5,587,059
2	Market fee	10,711,788	11,763,512	11,971,083	5,294,678	39,741,061
3	Sewerage Administration	218,352	196,000	158,344	210,000	782,696
4	Plot Rent	1,419,154	862,785	1,855,143	1,002,095	5,139,178
5	Poll Rates	8,103,233	3,779,372	11,396,702	4,681,027	27,960,334
6	Business permit	14,269,496	13,214,723	54,905,615	23,191,321	105,581,155
7	parking fees	19,678,654	19,796,175	22,949,957	14,074,886	76,499,672
8	Housing	3,888,261	2,894,450	1,282,436	1,548,678	9,613,825
9	Cess	15,631,173	21,124,698	21,760,065	11,782,250	70,298,186
10	Property income	650,197	375,259	469,368	689,831	2,184,654
11	Impounding fees & Fines	396,755	207,349	238,517	231,240	1,073,861
12	Technical Services Fees	5,682,027	4,963,282	5,265,248	4,805,599	20,716,156
13	Other Health and Sanitation Revenues	590,309	1,290,760	1,254,796	1,152,110	4,287,975
14	Local Levies	807,861	714,239	879,200	829,965	3,231,265
15	Other Miscellaneous Receipts	2,882,027	2,563,282	2,265,248	2,892,236	10,602,793
	Total	**86,538,617**	**85,139,740**	**138,098,461**	**73,523,052**	**383,299,870**

Other Funds

No.	Revenue Stream	1st quarter	2nd quarter	3rd quarter	4th quarter	TOTALS
1	Public Health Services(FIF)	35,329,022	44,042,400	49,707,382	48,893,310	177,972,115
2	AMS MITUNGUU	1,571,898	1,959,583	2,211,636	2,175,415	7,918,533
3	KAGURU ATC	2,662,882	3,319,642	3,746,633	3,685,274	13,414,431
	TOTALS	**39,563,803**	**49,321,626**	**55,665,651**	**54,754,000**	**199,305,079**

2.6.2.2 Expenditure Performance

In FY 2019/20, the recurrent expenditure amounted to Kshs.**7.467** billion representing 94.56% absorption, while Kshs**. 2.170** billion was spent on development accounting for 64.9 % absorption as compared to the targeted budget of Kshs. **11.243** billion. Out of this **4.950** Billion was spent on compensation to employees, **2.516** Billion on operations and maintenance while **2.171** Billion was spent on development projects.

The under spending in the FY 2019/20 was attributed to delay in disbursement of funds by national Government. The lower than targeted expenditure on operation and maintenance was attributed to depressed operations of the county government during the financial year due to Covid-19 Pandemic and lower than projected payments.

The issue of absorption remains a top priority of the County Government and the County Treasury will continue to strengthen budget implementation monitoring framework to ensure that all spending units strictly adhere to the cash plans provided

2.7 Risks to the Outlook

This sub-section deals with the risks associated with the outlook of the proposed budget 2021/22 and the medium term.

Risks	***Mitigation measures***
Risk in Changes in Macroeconomic Assumptions Unexpected changes in macroeconomic variables create risks to both revenue and expenditure projections in this CFSP as they play a key role in the formulation of the budget. Some of these risks include adverse changes in real GDP growth rates, inflation rate, exchange rate and volatility of commodity prices that affect the County's own source	**Mitigation Measures** The County understands that the risks in macro-economy largely affect the programme spending on the development budget. The National Treasury has developed a national mitigation measure by establishing the Public Investment Management Unit which will be responsible for ensuring that all capital projects are planned, appraised and evaluated before funds are finally committed in the budget. Meru County shall ensure that capital projects planning, appraisal and evaluation are conducted efficiently and that funds are allocated early in the financial year. To

Risks	***Mitigation measures***
revenue. However, on the overall, any negative external and internal shocks to our economy may adversely affect transfers from the national government and may significantly affect the funds allocated to the county.	this end the County will develop comprehensive work plans, procurement plans and cash flow projections and ensure these are submitted as required (by the 15 June of each financial year) to mitigate the effects of any adverse macroeconomic changes and ensure that if this risk crystalizes then the effects are borne by the National government.
Pending bills The County continues to face major challenges of pending debts and bills. The pending bills carried forward from the FY's 2017/18 and 2018/19 stood are still a major challenge	**Mitigation measures** The presidential directive through National Treasury to enforce measures that will see Counties allocate funds to clear the growing pending bills. Further, in the medium term, commitments and payments will be made in strict compliance with the approved estimates. The county will also implement austerity measures and fiscal discipline to minimize any arising pending bills. This will involve realistic budgeting of local revenue. Further county treasury will prepare and operationalize debt management strategy paper.

CHAPTER 3: FISCAL POLICY BUDGET FRAMEWORK

3.0 Overview

The total resource envelope for FY 2021/20 is expected to be Kshs. 11,042,202,209. Based on the analysis of the macro-economic environment and the trend of growth of the County revenues, the projections are that it will grow by 15% to Kshs 12.6 billion in the FY 2022/23 and by 17% to Kshs 14.7 billion in the FY 2023/24 while holding all political factors constant.

The County Government will strive to ensure that the budget is balanced in the medium term and that it adheres to fiscal responsibility principles as outlined in PFM Act 2012.Moreover, the ceilings have been adjusted based on, own source revenue performance, expenditure trends, factoring of pending bills as at June 2021 and the changes in priority based on sector working group discussions and submissions from departments. Revenue Projection for conditional grants has assumed similar amounts as in the FY 2019/20 budget estimates. These will be updated once County Allocation of Revenue act is gazetted.

3.1 Fiscal policy Framework

The fiscal framework details the medium term fiscal framework for the county government outlining the resource envelope and broad expenditure levels. The government fiscal objective is to focus its resources in social development activities to ensure that the public drives maximum benefit out of the government projects. This will greatly be guided by the priories as outlined in the CIDP 2018-2022 and other county plans therein. To ensure effectiveness in utilization of the resources the government will prioritize expenditures within sectoral ceilings and strategic sector priorities.

In the spirit of ensuring responsiveness to the needs and challenges of the residents of Meru the government will utilize the County Budget and Economic Forum and various developmental committees to ensure continuous consultation between the government and its stakeholder.

The SWGs will be key in coordinating the preparation of Departmental Public Expenditure Reviews (DPERs); reviewing sectors objectives and strategies; identifying sector priorities and rankings; identifying linkages; identifying sources of funding for sector programmes and improving communication and nurture partnerships within each of the sectors.

3.2 Fiscal Strategy Paper's Obligation to Observe Principles

To have sustainable development and growth, the government is planning to meet the fiscal targets set by making policies aimed at ensuring strict adherence to fiscal responsibility principles. Further, the government will operate within a framework of balanced budget in the medium term with occasional short term borrowing as may be necessary for cash flow management purposes.

3.2.1 Adherence to Fiscal Responsibility

The County government will adhere to the fiscal responsibility principles set out in section 107 of the Public Finance and Management (PFM) Act 2012 to ensure prudence and transparency in the management of public resources. Development expenditure will be maintained at 30 percent of the entire budget allocations to meet the minimum 30 percent requirement; Expenditure on wages and employee benefits is above the prescribed limit of 35 percent by twelve percent (47 percent).

In addition, total expenditure will not exceed the total revenue as the county government will be implementing a balanced budget; and any borrowing made by county government will be to finance development expenditure and in line with the Constitution of Kenya 2010, PFM Act 2012 and the borrowing framework regulated by Inter-governmental Budget Economic Council and shall be maintained at a sustainable level as approved by county assembly.

Further, all fiscal risks to the budget will be managed prudently by taking into account the challenges in revenue performance and pressures on expenditures.

3.2.2 Fiscal structural reforms

In achieving an inclusive sustainable prosperity, the county government will implement structural reforms as stipulated in the PFM Act 2012 and PFM regulation 2014. In FY 2021/22 and in the medium term the county government endeavours to undertake the following:

i) ***Enhancing revenue collection***

The county government will deepen reforms for resource mobilization towards improved local revenue collection by: Fully rolling-out automation of revenue collection system and sensitizing the public on use of the same; Capacity building, accountability and efficiency of

staff, Enhancing revenue enforcement, Enhancing monitoring of revenue collection to seal loopholes and leakages among other interventions.

ii) *Improving spending*

Over the medium term, the monitoring of budget execution will be strengthened to improve on absorption. The county government will remain committed towards reducing wastage so that spending produces the intended results. In addition, the county government will continue to build up capacity in the utilization of e-procurement to improve spending efficiency.

3.2.3 Debt Financing Policy

The County Government's current debts are limited to pending bills. Kshs.335, 000,292.20 was factored in the first supplementary for recurrent pending bills and Kshs.1, 113,619,673.22 as development during the current financial year 2020/21. Further the remaining pending bills for FYs 2018/19and 2019/20 will factored in the supplementary budget for the fiscal year 2021/22.

Over the medium term, any borrowing by the county government shall be used only for the purpose of financing development expenditure in line with the PFM Regulations and the borrowing framework approved by the Inter-governmental Budget Economic Council. And such borrowing shall be maintained at sustainable level as prescribed in the Debt Management Strategy Paper.

3.3 Budget Framework Proposed for FY 2021/22 MTEF

3.3.1 Revenue Projections

The county expects to receive total revenue of Kshs10.5 Billion from national treasury as compared to Kshs 9.7Bill during the FY 2020/21. Own source revenue collections have been projects at Kshs.500 million considering the last two years actual collection and current year trend. The national government has not yet published the County Allocation of Revenue Act, 2021 hence amounts for conditional grants have assumed allocations as per the current year's budget 2020/21.

The county relies heavily on equitable share followed by other conditional grants. Own source revenue has a lot of potential and the County will focus on increasing the amounts collected.

3.3.2 Expenditure projections

Expenditure for FY 2021/22 comprise recurrent of **Ksh7, 744,539,568** (70% of total projected Expenditure) and development of **Kshs3, 297,296,641** (30 percent of total projected expenditure). Recurrent expenditure will comprise of Kshs 5,160,933,820 compensation to employees and **Kshs.2, 583,605,748** use of goods and services.

3.3.3 Fiscal Balance and Deficit Financing

The proposed FY 2021/22 county budget is balanced, however, any shortfall in revenue that may occur within the year will be addressed through supplementary in the first quarter of the FY 2021/2022.

3.3.4 Summary

The Government's fiscal policy goals will focus on adherence to fiscal responsibility principles and mainly on ensuring that 30% of the budget is spent on development. On expenditure, strict controls over budgets and budget execution will continue to be instituted in line with the PFM Act and Public Financial Management Regulations (PFR). .

CHAPTER 4: MEDIUM TERM EXPENDITURE FRAMEWORK

4.0 overview

The County Government reiterates its commitment to fiscal discipline in order to promote productive sector growth and overall economic growth. The government shall continue to strengthen revenue mobilization and expenditure rationalization by removing non-core expenditures from the budget in order to narrow the fiscal deficit.

In this regard, departments and agencies will be encouraged to adopt efficiency in allocation of resources and observe the concept of value for money with a view to promoting sustainability and affordability. This will ensure efficiency in how revenues are used.

4.1 Resource Envelope

MERU COUNTY GOVERNMENT REVENUE BUDGET ESTIMATES FOR FY 2021-2022			
Revenue Stream	FY 2020-2021	FY 2021-2022	
	APPROVED BUDGET	BUDGET ESTIMATES	%
a.Equitable Share	8,039,100,000.00	8,788,594,074.00	80%
b.County Own Revenue	600,000,000.00	500,000,000.00	5%
c.Appropriation in Aid- Hospital FIF	220,000,000.00	270,000,000.00	2%
Total	**8,859,100,000.00**	**9,558,594,074.00**	**87%**
d.Conditional Grants from the National Government Revenue			
i.Conditional Grants to Level-5 Hospitals	373,872,832.00	373,872,832.00	3%
iv.Conditional Allocation for Development of Youth Polytechnics*	58,249,984.00	58,249,984.00	0.5%
v.Conditional Grant-Compensation for User Fee Foregone	31,648,848.00	31,648,848.00	0.3%
vii.Conditional Grant-Management of Covid-19	102,886,000.00		0.0%
viii.Conditional Grant- Road Maintenance Fuel Levy	241,491,600.00	241,491,600.00	2%
Total	**808,149,264.00**	**705,263,264.00**	**6%**
e.Conditional allocations to County Governments from Loans and Grants from Development Partners			
i.World Bank Loan to for transforming health systems for universal care project	36,400,000.00	36,400,000.00	0.33%
ii.World Bank for national agricultural and Rural Inclusive Growth project	202,802,950.00	311,274,283.00	2.8%
iii. World Bank Urban development grant for Kenya urban support program	116,890,200.00	116,890,200.00	1.1%
v.KDSP (Level 1+ Level 2 Grant FY 2019-20)	232,216,740.00	232,216,740.00	2.1%
v.KDSP (Level 1 Grant FY 2018-19	45,000,000.00	45,000,000.00	0.4%
vi.Danida	22,860,000.00	22,860,000.00	0.2%
vii. GoK-ASDSP	13,703,648.00	13,703,648.00	0.1%
2630203 ASDSP PROJECT(207-18)	-00	-00	
Sub-Total	**669,873,538.00**	**778,344,871.00**	**7%**
Total	**10,337,122,802.00**	**11,042,202,209.00**	**100%**

4.2 Strategic Priorities and Interventions

The medium term strategic priorities are a statement of the counties direction. They offer a clear roadmap of where the county wants to be. The 2021/2022 -2023/2024 MTEF budget will build on the gains made so far. The County Fiscal strategy paper will cover the following key Strategic Priorities;

a. **Strategic Priority I: Enhancing Infrastructure development and Water Connectivity for both domestic and irrigation purpose.**

In order to ensure business thrive in an enabling environment, realize significant process from agriculture and businesses, the government continues to build a strong transport system to enhance connectivity through opening up and maintaining of county roads.

Infrastructure development is one of the key strategic priorities for the County. In the medium term, the County Government will invest in infrastructural development through; Improvement of informal settlements; urban infrastructure development; construction of paved roads to concrete and bitumen standards and maintenance of roads; construction and improvement of markets.

Infrastructure development is important for other economic activities to thrive as it leads to improvement and better ranking in the ease of doing business in the country.

The water subsector has continuously rehabilitated the existing water infrastructure through equipping of existing boreholes, support to community projects through provision of water tanks and pipes and frequent inspection of the existing water systems. The key priorities are the expansion of existing water distribution networks for domestic and irrigation use, drilling & refurbishment of boreholes, expansion of community based water projects, provision of plastic and construction of permanent water tanks, geophysical aerial mapping of piped water, and the realization of ward-level water supplies

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

The health sector is among the key priorities for Meru County Government. In this case the government will continue to invest in the following programmes to ensure affordable and accessible health care; continued infrastructure development at Meru level 5 hospital. e.g. completion of the ward block which will decongest the wards, reducing incidences of communicable and non-communicable diseases; improving reproductive health; Enhanced access to Essential Medicine and medical supplies; improving health infrastructure,

equipping hospitals and dispensaries, provision of adequate drugs in the various health centres, improving services delivered in the health centres.

c. **Strategic Priority III: To enhance food and nutrition security and transform subsistence agriculture to commercial oriented**

The objectives of the Agriculture sub sector are to ensure all citizens enjoy food security, improved nutrition and transform subsistence agriculture to commercially oriented venture. The sector contributes to 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 strategy involves reduction of food insecurity by: increasing access to agricultural inputs, supporting Miraa farmers by exploring new markets, supporting fish farming, intensifying expansion of dairy farming, and eliminating children malnutrition through milk programme for preschool children.

d. **Strategic Priority IV: Promotion of Education, Youth Empowerment and Social Protection**

In every society, technical skills are requisite for economic development. The County Government (CG) is dedicated towards promoting acquisition of such skills to the youth, women, Persons with Disabilities (PWDs) as a means to empower them economically hence integrate them in the development agenda. MYS programme continue to empower the Youth through training them on masonry, carpentry, welding and painting to bridge the current skills gap in the informal sector, and also rehabilitation and training of street children in partnership with other organizations.

Gender subsector will continue with its programme of empowering women by financially empowering women groups across the county by providing them with seed capital and training.

Education facilitates quality learning and in preparing and qualifying individuals for the economy. The subsector has improved infrastructure by construction of ECDE classrooms, Vocational training centres, workshops and renovation of existing structures across wards in the County as well as enhancing the feeding program for ECDE children by providing milk.

4.3 Partnership linkages

The government will continue to engage in partnership with other sectors-business and organizations in order to proactively create an enabling environment for business and improve economifc prospects of the community. To this end the government will partner with Safaricom to support the implementation of the Covid 19 Recovery strategy for SMEs especially on the component of micro lending. The county has set aside funds to lend to micro and small traders who have been most affected by Covid 19. The department has developed a product for mobile lending through the Meru Microfinance Corporation.

Various national government institutes and agencies such as KIBT, KITI, KEPROBA, and KENINVEST have partnered with the County to support the component of business training for the micro and small traders. However, the micro lending component requires support from Safaricom on; Increasing the fund from allocated for more traders to benefit through their registered Market Development Associations (MDAs) which has membership of over 20,000 traders across the County; provision of smart phones for mobile lending to traders through the Lipa Mdogo Mdogo project and assist the county in getting a USSD code for the fund access by many traders who are illiterate and cannot operate smartphones.

Further they will engage in promoting urban resilience through; supporting design and development of the Meru Arboretum- a 32-acre forest portion fronting Meru Municipality. This is in conjunction with Kenya Forest Service who have provided land; design and development of Nteere green Park ;supporting the establishment of the County Spatial Plan through:(a)GIS lab(b)Mapping and data sharing

4.4 Medium Term Expenditure Estimates

Table 9: Departmental ceilings for the FY 2021/22-2023/24(see Annexure 1)

4.5 Baseline Ceilings

The baseline estimates reflect the current departmental spending levels in sector Programmes. In both recurrent and development Programmes.

4.6 Details of Sector/Departmental Priorities

4.6.1 Social protection culture and recreation sector

This sector comprises of the following departments; Youth Affairs; Sports Development and culture. The sector's vision is to be a leading provider of social services for quality life to the Meru County residents. The mission is to promote, coordinate, monitor and evaluate talent

development, cultural programmes and community empowerment as an integral part of County development.

During the MTEF period 2021/22-2023/24 the sector will prioritize the following:

- Improvement of cultural centres by equipping
- Establishment of Kimeru Institute
- Renovation of Njuri Ncheke Cultural Centre
- Purchase of sports equipment's for all the wards.
- Promotion of sports through Governors cup
- Upgrading and maintenance of stadiums
- Equipping of Kinoru stadium
- Continued implementation of MYS programme by skills development, engagement in community service works (Twende kazi)
- Youth social economic empowerment
- Establishment of culture and art gallery to promote talent development
- Establishment of youth economic empowerment revolving fund
- Establish partnerships with other youth serving partners

4.6.2 Education Sector

This sector covers the following sub-sectors: Early Childhood Development Education (ECDE), Technical Vocational Education & Training, Gender and Social Development. The sector vision is to create an educated and skilled society for sustainable development whereas the mission is to facilitate provision of quality education, training, mentorship, research and innovation for capacity building and prosperity.

During the MTEF period 2021/22-2023/24 the sector will prioritize the following

- Procurement of instructional materials
- Promotion of Early Childhood Development Education through; construction of Classrooms, Provision of instruction materials, Promotion of day care centres, curriculum implementation and monitoring and Capacity Building of ECDE officers and teachers
- Promotion of vocational training centers through, purchase of training equipment, employment of instructors, construction of polytechnic workshops/hostels, promotion of home crafting and capacity building of instructors

- Monitoring curriculum implementation
- Disbursement of bursaries and awarding scholarships
- Empowered of youth, women and PWDs
- Social development through programmes that seeks to reduce SGBV cases, reduction of FGM and early marriage cases and support to street children.
- Implementation of TWAWEZA programme and gender mainstreaming.

4.6.3 General Economic and Commercial Affairs (GECA) Sector

This sector covers the following sub-sectors: Cooperatives Development, Trade Development and Tourism Development. The Sector integrates both product and service industries. During the MTEF period 2021/22-2023/24 the sector plans to prioritize the following in as per the sub-sectors

Sub-Sector 1: Trade

- Improving market infrastructure through construction, gravelling and murraming of markets and construction of market sheds.
- Construction of industrial centres such as boda boda and shoe shine sheds
- Capacity building of entrepreneurs and Market development committees
- Trade promotion
- Support to business, Growth and development of enterprises
- Support of MSEs (who include women, youth and people with disability)

Sub-Sector 2: Cooperatives

- Value addition and marketing.
- Support Meru County Coffee millers union
- Promotion of dairy Sector through supporting with dairy equipment.
- Revitalization of Coffee Sector
- Promotion of potatoes and banana cooperatives

Sub-Sector 3: Tourism

- Tourism Product Development
- Tourism Marketing and promotion
- Capacity Building

- Market the existing operational tourism destinations such as; - Meru national park - Hiking in Mt.Kenya - Ngarendare Forest Trust - Lewa Conservancy - Meru national museum - Njuri Ncheke shrine - Agro-tourism such as horticulture, floriculture, wheat field, miraa and tea farms
- Opening of Access Roads to attraction sites

4.6.4 Public Administration and Intergovernmental Relations Sector (PAIRs)

This sector is made up of the following sub-sectors; Office of the Governor, Finance, Economic Planning & ICT, County Assembly, Public Service Board, Legal Affairs &Public Service Management and Administration, Meru County Microfinance Corporation, Meru county Development and investment Corporation and Meru county Revenue Board. With regard to mandate areas, the Sector provides overall policy and leadership direction to the county, oversees county legislation as well as the human resource function in the public service and management of public resources. It further coordinates county policy formulation, implementation, monitoring and evaluation. During the MTEF period 2021/22-2023/24 the sector plans to achieve its planned objectives through implementation of the following priorities as per the sub-sectors

Sub-Sector 1: County Assembly

- Formulation and Approval of County laws.
- County Budget procedures
- Provision of adequate security within and around the Assembly

Sub-Sector 2: Office of the Governor

- To establish a delivery unit for continuous result tracking in monitoring and implementation of projects and programs.
- Enhance the capacity of EMU officers and other county officials' staff through trainings.
- Establishment of County Disaster Command Centre and a disaster management committee.
- Develop County Disaster Management Policy.
- Improve information collection, development and dissemination
- Improve the interdepartmental communication in the County government.

- Development of Meru County Partnership Policy.
- Establishment of more networks and linkages focusing on key donors, corporates and foundations.

Sub-Sector 3: County Treasury, Economic Planning and ICT

- Internal audit and assurance
- Financial reporting and asset management
- Preparation of budget and budget documents/ templates
- Capacity building of staff
- Enhance capacity to stakeholders and staff on planning processes
- Compliance to financial regulations
- Establishment of Sub County revenue collection centres
- Maintenance of Local and Wide area networks
- Provision of Internet

Sub-Sector 3: Public Service Board

- Hiring and sourcing of county manpower
- Advising executive on matters relating to employees
- Induction and capacity building of employees

Sub sector 4: Legal Affairs, Public Service Administration & Management

- Administration and support services
- Public Service Management and Transformation
- Office Accommodation Management
- Establishment of County Attorney Office

Sub sector 5: Town Administration

- Administration and management of public utilities

4.6.5 Environmental Protection, Water and Natural Resources Sector

This sector consists of Environment and natural resources and water and irrigation Sub-sectors. The sector of Water, Environment and Natural Resources aimed at promoting sustainable management of environment and natural resources to equitably provide for

development needs for the current and future generations without causing degradation or ecological scarcities.

Sub-Sector 1. Water & Irrigation

- Provision of adequate, safe and accessible water in rural and urban areas
- Water resource management for both ground and surface water
- Promotion of irrigation using best practices of irrigation technology
- Support to community water projects in water distribution to households through purchase of pipes and water tanks
- Drilling and equipping of boreholes with solar powered pumps
- Water distribution to households through purchase of pipes and water tanks

Sub-Sector 2: Environment & Natural Resources

- Purchase Skip loader and skip bins
- Purchase of Personal protective equipment's.
- Purchase of land for dumpsite
- Enactment of legal framework to support solid waste management
- Enforcement of environmental laws and regulation
- Promotion of Urban forestry
- Rehabilitation of catchment and riparian areas

4.6.6 Health Sector

The sector during the FY 2021/22 will implement its planned priorities within the following programmes; Curative Healthcare, Preventive and Promotive health care and Administration, planning and support services.

Over the medium term the sector will channel resources towards implementing the following sector priorities:

- Communicable and Non-communicable Disease Prevention and Control
- Expansion and upgrading of health facilities
- Availing all medical equipment and commodities
- Provision of community health services
- Capacity building Reduced incidences of drug abuse and diseases among the youth
- Provision of pharmaceutical and Non-pharmaceutical commodities
- Equipping of health centres and dispensaries

- Computerization/automation of level 4 hospitals
- Coordinate cancer screening in the regions around the satellite
- Equipping and staffing MTRH cancer unit.
- Completion of ward block at Meru Level 5 Hospital

4.6.7 Energy & Infrastructure

The sector comprises of energy and roads & infrastructure subsectors. During the FY 2020/21 the sector will implement the following planned priorities

- Routine maintenance of county roads to improved access to essential services
- Implementation of county lighting programme which entails, provision and installation of transformers, Installation of flood lights and streetlights.
- Identification and protection of potential energy sites
- Construction of roads and cabro paving
- Grading, gravelling and Murraming of roads to bitumen standards.
- Culvert installation, bridge construction and Gabion installation
- Routine maintenance of county roads/county wide

4.6.8 Agriculture Rural and Urban Development Sector

During the FY 2020/21 the sector will implement the following planned priorities

Sub sector 1: Agriculture, Livestock & Fisheries

- Tree crop development through distribution of macadamia and avocado seedlings
- Promotion of grain Production through procurement of assorted grain crops
- Capacity building of training through intensive training
- Promotion of poultry farming to encourage consumption of white meat
- Promotion of fish farming through, provision of seedlings, renovation of hatcheries, constructed demo raised ponds and training of farmers
- Livestock promotion through, pasture and fodder development marketing, rehabilitations of water pans, promotion of feed and apiculture.
- Construction and maintenance of livestock markets.
- Acquisition of semen for artificial insemination and vaccines.
- Capacity building on sustainable fish farming

Sub sector 2: Lands, Physical Planning and Public Works

- Establish a functional GIS system for the county

- Preparation of physical and land use plans
- Land adjudication
- Integrated urban development plans for Muthara-Muriri, Kianjai -Nchiru, Githongo-Katheri
- Improvement of Kiirua,Kangeta, Mitunguu, Igoji, Subuiga, Kanyakine, Murera,Keria Markets
- Construction, equipping, and maintenance of municipality building
- Construction of new Sewer line and installation of extension water Pipeline
- Paving of roads to bitumen level or cabro
- Construction of modern markets

CHAPTER 5: CONCLUSION

This CFSP has detailed the set of fiscal policies that are aimed at balancing between changing circumstances due to emerging issues and the need to keep the link to the CIDP and the fiscal responsibility principles espoused in the PFM Act, 2012. The policies are also consistent with the national strategic objectives as detailed in the Budget Policy Statement which provides the basis for allocation of public resources to the County Government.

Details of these strategic objectives are contained in the CIDP (2018-2022). These details were also reviewed and refined during the sector working groups and each sector working group report provides clarity on the key priorities and resources needed for the FY 2020/21 MTEF budget. The policies and departmental ceilings provided in this document will guide the Sectors/departments in preparation of the 2020/21 MTEF Programme Based Budgets.

Budgetary resources are usually limited, thus it is imperative that departments prioritize their programmes within the available resources to ensure that utilization of public funds are in line with county government priorities. There is also need to ensure that recurrent resources are being utilized efficiently and effectively before funding is considered for programmes.

Monitoring and Evaluation will play a critical role in tracking the implementation of the projects and programmes envisaged in this document and strengthen the county's capacity to deliver services to its residents. Monitoring and evaluation will involve the tracking of activities, tracking of budget usage, the assessment of performance and putting in place strategies and actions for the attainment of results.

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater effort from all the stakeholders including county government departments, sector working groups, civil societies, communities, County Assembly and development partners to get things done. This means providing for continuous consultations with each other, finding solutions and encouraging innovation to build a sustainable County.

Annexures

Annexure 1: Departmental ceilings for the FY 2021/22