



**COUNTY GOVERNMENT OF MOMBASA
COUNTY TREASURY**

MEDIUM TERM

**FISCAL STRATEGY PAPER
2022/2023**

©November 2021

Foreword

The 2022 Mombasa County Fiscal Strategy Paper (CFSP) is prepared against a background of expected global recovery after a slump in 2020 occasioned by the negative effects of the COVID-19 pandemic. The Pandemic and the ensuing containment measures have devastated the County's economy disrupting businesses and livelihoods.

The global economy is projected to grow by 5.9 percent in 2021, from a contraction of 3.1 percent in 2020. However, economic prospects vary across countries with the emerging markets and developing economies expected to pick up slowly compared to advanced economies given different country policy responses to the pandemic. The projected recovery in advanced economies reflects the anticipated additional fiscal support in the second half of 2021 and broader vaccinations coverage across the globe.

On the domestic scene, Kenya's economy rebounded strongly in the second quarter of 2021, with real GDP growing 10.1 percent supported by easing of COVID-19 containment measures. Economic growth is projected to rebound to 6.0 percent in 2021 from the contraction of 0.3 percent in 2020. In terms of fiscal years, economic growth is projected to recover to 5.9 percent in FY 2021/22 from 2.9 percent in FY 2020/21.

This CFSP identifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for Financial Year (FY) 2022/2023 and the Medium Term in accordance with the Public Finance Management Act 2012, section 117(1) which stipulates that the County Treasury should prepare the Fiscal Strategy Paper for the County.

The strategy covers the following broad areas: review of the fiscal performance of the first quarter of FY 2021/2021; highlights of the recent economic developments and economic outlook; broad strategic priorities and policies for FY 2022/2023 as indicated in the Medium-Term Fiscal Framework and as outlined in the Mombasa County Integrated Development Plan (CIDP) 2018-2022.

The County priorities and goals outlined herein are based on the County Integrated Development Plan and the inputs from the memoranda received from various stakeholders and will mainly be focusing on: Revamping of quality and affordable health services, Streamlined waste management services, Increased accessibility to safe potable water and sustained food security, Provision of inclusive Quality Education, Gender empowerment, Youth & Sports development, Land management and affordable Housing Services as well as Onsite Infrastructure development.

The economic recovery is supported by the prevailing stable macroeconomic environment, ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda, the Mombasa Covid-19 Socio Economic Strategy, Mombasa Vision 2035 and all other development blueprints. The critical programmes to be implemented are expected to stimulate the County’s socio-economic development and revamp the economy.



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COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING

Acknowledgement

The Mombasa County Fiscal Strategy Paper 2022 has been prepared in compliance with the provisions of the Public Finance Management Act, 2012. It outlines the current state of the economy, provides macro-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 of the FY 2022/23 budget. The publication of the 2022 CFSP aims to improve the public's understanding of the County's public finance management and guide deliberations on economic and development matters.

The County is currently operating within austerity measures amidst significant revenue shortfalls occasioned by declining economic activities as a result of the adverse effects of the COVID-19 Pandemic. The Government is confronted with significant expenditure demands including financing the last phase of the County Integrated Development Plan 2018-2022, Mombasa Covid-19 Socio Economic Strategy and the projects that are aligned to the "Big Four" Agenda. This has called for proper prioritization to ensure focus is on critical expenditures with the highest positive impact on the well-being of Kenyans.

The County Government will continue to prudently manage the use of public resources over the 2022/23-2024/25 Medium Term Expenditure Framework (MTEF). Towards this end, while developing the budget proposals for the medium-term, the County Departments undertook a critical scrutiny of their individual budgets execution reports to curtail growth of recurrent budgets and ensured that funding priority is accorded to completion of any ongoing projects, which are supportive to accelerate inclusive growth and development.

The preparation of this fiscal strategy paper continues to be a collaborative effort from an array of expertise of professionals and key stakeholders in the County. Immense appreciation goes to the Executive Member for Finance and Economic Planning for her impactful input, good will and guidance provided during the entire period of preparing this document. The Budget and Economic Planning and Accounting units spent significant amount of time consolidating and enriching this policy document.

We are particularly grateful to Ms. Jane Githui (Director Budget & Economic Planning) and Mr. Affan Mohamed (Director Revenue) for working tirelessly and for their unwavering dedication, commitment and industry in the development of this document.



MS. ASHA ABDI

CHIEF OFFICER

FINANCE AND ECONOMIC PLANNING

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Abbreviations and Acronyms

ADP	Annual Development Plan
BBB	Building Back Better
CAPEX	Capital Expenditure
CBEF	County Budget and Economic Forum
CIDP	County Integrated Development Plan
CFSP	County Fiscal Strategy Paper
CGM	County Government of Mombasa
COB	Controller of Budget
COVID -19	Corona Virus Disease of 2019
ECDE	Early Childhood Development Education
EPZ	Economic Processing Zone
ERS	Economic Recovery Strategy
FDI	Foreign Direct Investments
FY	Financial Year
GCP	Gross County Product
G-Pay	Government Pay System
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
KIHBS	Kenya Integrated Household and Budget Survey
KIRDI	Kenya Industrial Research and Development Institute
KNBS	Kenya National Bureau of Statistics
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NMTs	Non-Motorized Transport
OSR	Own Source Revenue
PFM	Public Finance Management
SEZ	Special Economic Zone

Executive Summary

The fiscal strategy of the County Government of Mombasa for the year 2022/2023 is outlined in this paper. The CFSP is developed in line with the PFM Act section 117 which states that, the County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper (CFSP) for approval and then shall submit the approved Fiscal Strategy Paper to the County Assembly, by the 28th February of each year. However, with 2022 being an election year, there is a revised budget calendar in place which requires the CFSP to be in the County Assembly by 30th November, 2021 for approval. The contents of the CFSP are largely informed by the PFM Act section 117(2) which provides for the aligning of the CFSP with the national objectives in the Budget Policy Statement.

The fiscal framework is guided by various principles which are in line with the medium term expenditure framework and the County Integrated Development Plan (CIDP) among them: A strong revenue effort to ensure that the county budget has no deficit, budget expenditures are consistent with agreed county and sectoral priorities with increased shift away from recurrent to capital expenditures while ensuring resources for operation and maintenance of capital stock is provided for while at the same time providing sufficient fiscal space for infrastructural and social programmes necessary to achieving CIDP.

The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development. The key County priority areas are; investing in quality and accessible Health Care, Youth, sports & Gender empowerment, Provision of Quality Education, Water & onsite Infrastructure Development and Improved Land Services. The County Government is committed to ensuring prudence in public expenditure management.

The fiscal framework is guided by various principles which are in line with the medium-term expenditure framework, the County Integrated Development Plan (CIDP) 2018-2022 which is at its tail end of implementation which is aligned to the National Government's development agenda of the Kenya Vision 2030 that is currently being implemented through the Third Medium Term Plan (MTP III) which will augment economic transformation by complimenting key programs under "The Big Four" agenda planned for job creation and shared prosperity.

The County will initiate a revamped revenue strategy that will ensure increased and efficient own source revenue mobilization and collection which will result to a balanced budget with an overall objective of being self-reliant in budget financing. The County will purpose to ensure that the budget expenditures are consistent with the agreed county sectoral priorities with an increased allocation to capital expenditures while ensuring resources for operation and maintenance of capital stock are adequately provided for while at the same time

providing sufficient fiscal space for infrastructural and social programmes necessary to implement the Strategy and the CIDP 2018-2022 in the long term.

The focus will also be on complimenting manufacturing activities, improving food and nutrition security, achieving a universal health coverage and supporting construction of decent and affordable housing for Kenyans. In addition, priority will be given to development enablers such as macroeconomic stability, business environment infrastructure, security, social sector investments, and public sector reforms.

The critical programmes to be implemented are expected to accelerate economic activities and improve socio-economic welfare and economic growth. To achieve this, the Government endeavors to prioritize expenditure in provision of safe potable water, quality health services, modernized education institutions, improved infrastructure, sanitation and waste management, social protection as well as youth and gender empowerment. The overall objective of this is to realize sustainable, shared and equitable growth that would in return lead to accelerated job creation and improved livelihoods for the citizenry.

The fiscal strategy Paper serves as the basis for the preparation of the annual estimates of revenue and expenditure for the County Government of Mombasa Budget for the FY 2022/23.

The Mombasa County Fiscal Strategy Paper is prepared in accordance with Section 117 of the Public Finance Management Act, 2012. It states that;

- (1) The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.
- (2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
- (3) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.
- (4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect 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; 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, the county assembly shall consider and may adopt it with or without amendments.

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

(8) The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.

Fiscal Responsibility Principle

In line with the Constitution, the new Public Finance Management (PFM) Act, 2012, sets out the responsibility principles to ensure prudence and transparency in the management of public resources.

The PFM law (Section 15) states that:

- ✚ Over the medium term, a minimum of 30 percent of the national budget shall be allocated to development expenditure.
- ✚ The national government's expenditure on wages and benefits for public officers shall not exceed a percentage of the national government revenue as prescribed by the regulations.
- ✚ Over the medium term, the national government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- ✚ Public debt and obligations shall be maintained at a sustainable level as approved by Parliament and county assembly.
- ✚ Fiscal risks shall be managed prudently.
- ✚ 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.

Objective

The objective of the 2022/2023 County Fiscal Strategy Paper is to lay down the framework for the preparation of the County budget. It is a requirement under section 117 of the Public Finance Management Act, 2012 that each County Treasury shall prepare and submit to the County Executive Committee the Fiscal Strategy Paper for approval, and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by the 28th February of each year. However, with 2022 being an election year, there is a revised budget calendar in place which requires the CFSP to be in the County Assembly by 30th November, 2021 for approval.

This Fiscal Strategy Paper contains the following:

- The principles that will guide the 2022/2023 budgetary process;
- The broad fiscal parameters for the 2022/2023 budget and the key strategies and policies for management of revenues and expenditures;
- The broad strategic priorities and policy goals that will guide the preparation of the budget over the medium term;
- A discussion of risks to the budget parameters and Budget Strategies;
- The medium-term outlook for county government revenues and expenditures;
- A discussion of how the Budget Strategies relates to the County priorities as drawn from the County Integrated Development Plan (CIDP) 2018-2022; and
- A framework for the preparation of departmental budget estimates and the development of detailed budget policies.

Outline of the 2022/2023 Fiscal Strategy Paper

The Fiscal Strategy Paper is presented in four Chapters. The introduction presented in Chapter One, presents the recent Economic Developments and Medium-term Outlook which gives an overview of the global, national, regional and county economic development outlook.

Chapter two outlines the Mombasa County's Plan for harnessing the "Big Four" Agenda for Job Creation through "Accelerating economic recovery for improved livelihood".

In chapter three the paper describes the Fiscal Policy and Budget Framework with;

Chapter four presenting the Medium-term Expenditure Framework for the 2022/23-2024/25 financial years.

CHAPTER ONE

1.0: RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK

1.1: Overview

1. The Kenyan economy contracted by 0.3 percent in 2020 compared to a growth of 5.0 percent in 2019. This performance reflects the adverse effects of the COVID-19 pandemic, which disrupted activities mainly in the services sectors particularly wholesale and retail trade, education, accommodation and restaurant, and transport and storage. The economy is expected to rebound to 6.0 percent in 2021, supported by the continued reopening of the services sectors, recovery in manufacturing, and stronger global demand. This is reflected robust performance of construction, manufacturing, education, real estate and transport and storage sectors.
2. The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that supports exports. Year on-year overall inflation rate has remained low, stable and within the policy target range of 5+/-2.5 percent since the end of 2017. The year-on-year inflation rate increased to 6.45 percent in October 2021 from 4.84 percent in October 2020 driven by higher food prices. However, the inflation rate remained within the target range supported by muted demand pressures.
3. The foreign exchange market has largely remained stable but partly affected by tight global financial conditions attributed to uncertainty with regard to the COVID-19 pandemic. In this regard, the Kenya Shilling to the US Dollar exchanged at Ksh 110.9 in October 2021 compared to Ksh 108.6 in October 2020. The current account deficit is estimated at 5.5 percent of GDP in the 12 months to August, and is projected at 5.2 percent of GDP in 2021.

1.2: Recent Economic Development and Outlook

Global and Regional Economic Developments

4. Global growth in 2021 is projected at 5.9 percent from a contraction of 3.1 percent in 2020 (WEO October 2021). However, most of the emerging markets and developing economies are projected to experience a more challenging recovery from the COVID-19 pandemic compared to their counterparts. This is largely on account of uneven access to COVID-19 vaccine which is therefore likely to impact negatively on the full resumption of economic activities in these economies. Additionally, the rapid spread of Delta and the threat of new variants which have increased uncertainty about how quickly the pandemic can be overcome.

5. The advanced economies are projected to recover to 5.2 percent in 2021 from a contraction of 4.5 percent in 2020. This projected recovery, particularly in the United States, reflects the anticipated legislation of additional fiscal support in the second half of 2021 and broader vaccinations coverage across the group.
6. Economic growth in the Sub-Saharan Africa region is projected at 3.7 percent in 2021 from a contraction of 1.7 percent in 2020 due to improved exports and commodity prices, and the rollout of vaccination programmes. This growth will also be supported by a recovery in both private consumption and investment as economies re-open. However, the recent increase in infection rates in sub-Saharan Africa are expected to weigh down the region's recovery in 2022.

Table 1: Global Economic Growth, Percent

ECONOMY	2019	2020*	2021**	2022**
World	2.8	(3.1)	5.9	4.9
Advanced Economies	1.6	(4.5)	5.2	4.5
Of which: USA	2.2	(3.4)	6.0	5.2
Emerging and Developing Economies	3.7	(2.1)	6.4	5.1
Of which: China	6.0	2.3	8.0	5.6
India	4.0	(7.3)	9.5	8.5
India	3.2	(1.7)	3.7	3.8
Sub-Saharan Africa	0.2	(6.4)	5.0	2.2
Of which: South Africa	2.2	(1.8)	2.6	2.7
Nigeria	6.5	(0.2)	5.7	5.3
EAC – 5	5.0	(0.3)	6.0	5.8
Of which: Kenya***				
*Estimate **Projected *** National Treasury Projection EAC- 5: Burundi, Kenya, Rwanda, Tanzania and Uganda				

Domestic Economic Developments

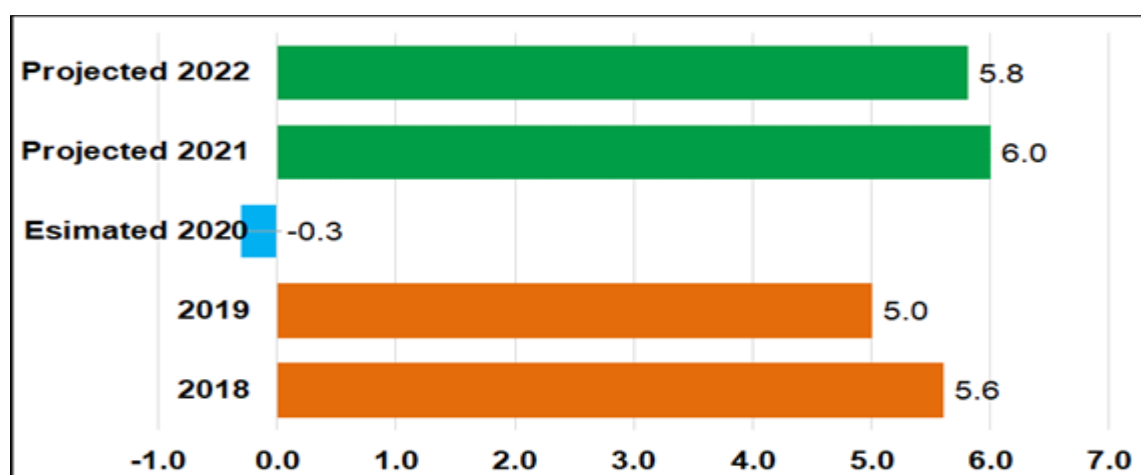
7. The National Accounts were revised and rebased in 2020 where the base year was changed from 2009 to a more current base year of 2016. The revised growth rates were relatively lower than in the previous estimates, largely on account of an expanded base, change of benchmark data, data sources as well as revision of time series indicators.
8. The economy contracted by 0.3 percent in 2020 from a growth of 5.0 percent in 2019 following the adverse impact of COVID-19 pandemic and the resultant swift containment measures. The government's priority was premised on the need to

safeguard the lives of Kenyans and Kenyan residents while at the same time cushioning the economy from the effects of COVID-19 pandemic. Consequently, the health crisis required the introduction of temporal restrictive measures to curb the spread of the virus which resulted to negative impacts on some key sectors of the economy. Many businesses especially those related to tourism and educational activities closed down during the second quarter of 2020. Pick up of economic activities resumed in the third quarter of 2020 with further improvements in subsequent quarters.

9. The contraction was spread across all sectors of the economy but was more dismal in accommodation and food services activities, education, and transport sectors. The overall performance of the economy in 2020 was cushioned from a deeper slump by accelerated growths in agricultural production (4.8 percent), mining and quarrying (6.7 percent), construction activities (11.8 percent) and health services (6.7 percent).
10. The agriculture sector was more vibrant in 2020 compared to 2019 despite a contraction in global demand in 2020. The sector's Gross Value Addition was 4.8 percent in 2020 compared to 2.6 percent in 2019. This was mainly on account of favorable weather conditions in 2020 which improved production of food crops such as beans, rice, sorghum and millet and, livestock and related products such as milk and meat. Improved production of cash crops such as tea and sugarcane also supported the sectors growth.
11. The performance of the industry sector improved to a growth of 3.8 percent in 2020 compared a growth of 3.4 percent in 2019. This was mainly on account of improved performance of the construction sector. The construction sector grew by 11.8 percent in the 2020 compared to a growth of 5.6 percent in 2019. The strong growth was attributed to the continued investments in road infrastructure by the Government, expanded construction in the housing sub-sector and the ongoing rehabilitation of the Meter Gauge Railway (MGR).
12. Electricity and water Supply sector grew by 0.1 percent in 2020 compared to a growth of 1.7 percent in 2019 mainly on account of decline in thermal and wind generation despite the increase in hydro generation. Activities in the manufacturing sector slowed down in 2020 mainly due to COVID-19 containment measures. The sector is estimated to have contracted by 0.1 percent in 2020 compared to 2.5 percent growth in 2019 mainly on account of significant contractions in production in key food products such as processing of coffee and manufacture of beverages. The manufacture of leather and wood products also contracted during the review period.

13. Services sector was adversely affected by the closure of the economy thereby recording negative growths in most of the sectors in 2020. The sector contracted by 2.2 percent in 2020 compared to a growth of 6.7 percent in 2019. Accommodation and Food Services was adversely affected by the COVID -19 containment measures compared to other service sectors and contracted by 47.7 percent in 2020 compared to a growth of 14.3 percent in 2019. This was due to restrictions of international travels while domestic travel was negatively impacted on by restriction of movement to and from some counties and zones for some months especially in the second quarter of 2020. Most hotels and restaurants also either closed or scaled down their operations due to public health measures taken to prevent the spread of the pandemic as well significant reduction in the number of customers.
14. Transportation and storage sector contracted by 7.8 percent compared to a growth of 6.3 percent 2019. The sector's performance was constrained by the COVID-19 pandemic containment measures including restriction of movement across the borders as well as and within the country, social distance in public service vehicles and arrangements of working remotely. However, the sector was cautioned from a deeper contraction by an increase in freight transport through the Standard Gauge Railway from 4,159 thousand tonnes in 2019 to 4,418 thousand tonnes in 2020. Information and Communication sector's growth slowed to 4.8 percent in 2020 compared to 7.5 percent growth in 2019. The growth was mainly supported by increased uptake of digital services as the COVID-19 measures which resulted in increased remote working and learning activities remotely as well as rise in cashless payments for financial transactions.
15. Similar to the global economy, Kenya's economy is projected to rebound in 2021 to 6.0 percent from an earlier projection of 7.0 percent in the 2021 BPS. The downward revision was due to the impact of containment measures between March and July period as a result of the third wave of the COVID-19 pandemic.

Figure 1: Annual Growth Projections, percent



Source of Data: The National Treasury

16. The recovery in 2021 reflects the lower base of 2020 when most service sectors were adversely affected by the closure of the economy thereby recording negative growths. The outlook in 2021 will be reinforced by the prevailing stable macroeconomic environment and the ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda, Economic Recovery Strategy and other priority programmes as outlined in the Third Medium Term of Vision 2030. Weather conditions are expected to be favourable supporting agricultural output. As a result, export of goods and services will expand as global demand normalizes.
17. Mombasa County has not been spared of the negative impact of the Pandemic as it was among the most affected counties which necessitated a total lock down and cessation of movement in some areas in the early phases of the pandemic. The Pandemic and the resultant containment measures adversely affected businesses and economic activities.
18. The County Government will continuously roll out the Post Covid-19 Economic Recovery Strategy which will mitigate the adverse impacts of the Pandemic on the economy and further re-position the economy on a steady and sustainable growth trajectory. The policies in this document have also been anchored on the Medium-Term Plan III of the Vision 2030 as prioritized in the Big Four” Agenda will promote inclusive growth and transform the lives of Kenyans.
19. The focus of the policies is to continue providing an enabling environment for economic recovery to safeguard livelihoods, jobs, businesses and industrial recovery. In this respect, the Government will strengthen implementation of programmes and

measures that ensure a more inclusive growth, foster macroeconomic stability and support Micro, Small and Medium Enterprises (MSMEs).

Quarterly GDP growth of 2021

20. The economy grew by 10.1 percent in the second quarter of 2021 compared to a contraction of 4.7 percent in a similar period in 2020. This growth was mainly supported by the rebound in economic activities in Mining and quarrying, Construction, Wholesale and Retail, Information and Communication, Education and Health sub-sectors.
21. The agriculture, forestry and fishing sector declined by 0.9 percent in the second quarter of 2021 compared to a growth of 4.9 percent over the same period in 2020. This is mainly attributed to the depressed rainfall distribution that has affected production of crops such as Tea. However, the sectors performance was cushioned from a steeper slump from a further decline by favorable performance in milk production, horticultural export and sugarcane production.
22. The Service sub sector grew by 15.7 percent in the second quarter of 2021 compared to a contraction of 6.7 percent over the same period in 2020. The growth was largely attributed to the growth in the Wholesale and retail trade (9.5 percent), Information and communication (25.2 percent), Transport and Storage (16.9 percent), Health (10.0 percent) and Education (67.6 percent) sectors.
23. The industry sector grew by 7.9 percent in the Second quarter of 2021 from a contraction of 0.5 percent in a similar quarter in 2020. The manufacturing and electricity and water supply sector grew by 9.6 percent and 5.1 percent in second quarter of 2021 from a contraction of 4.7 percent in both sectors in similar period of 2019. The construction sectors decline to 6.5 percent in second quarter in 2021 over a growth of 8.2 percent in a similar period of 2020.

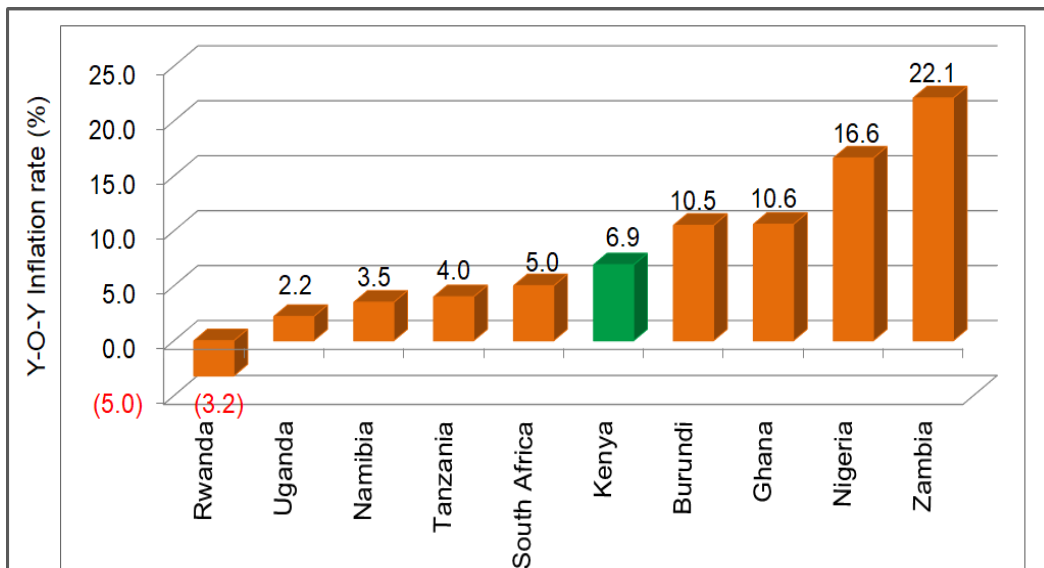
Inflation Rate, Percent

24. Year-on-year overall inflation rate has remained low, stable and within the policy target range of 5+/-2.5 percent since end 2017. The year-on-year inflation rate increased to 6.45 percent in October 2021 from 4.84 percent in October 2020 driven by higher food prices. However, the inflation rate remained within the target range supported by muted demand pressures.
25. Food inflation remained the main driver of overall inflation in October 2021, contributing 3.8 percentage points, an increase, compared to a contribution of 2.3 percentage points in October 2020. The increase was mainly attributed to dry

weather conditions and supply constraints that resulted in a rise in prices of key food items particularly tomatoes, spinach, beef with bones, onions, oranges and Potatoes (Irish). Fuel inflation contributed 1.6 percentage points to overall inflation in October 2021 compared to 1.7 percentage points in October 2020 following relatively lower international oil prices largely on account of buildup of oil inventories amid concerns on supply growth.

26. The contribution of core inflation to overall inflation has been low and stable, consistent with the muted demand pressures in the economy on account of prudent monetary policies. The contribution of core inflation to overall inflation increased to 0.9 percentage points in October 2021 from 0.7 percentage points in October 2020, reflecting a pick-up in economic activity and the effects of the implemented tax measures.
27. Kenya’s year-on-year inflation rate compares favorably with the rest of Sub-Saharan Africa countries. In September 2021, Kenya recorded a lower inflation rate than Burundi, Ghana, Nigeria and Zambia.

Figure 2: Inflation Rates in selected African Countries (September 2021)



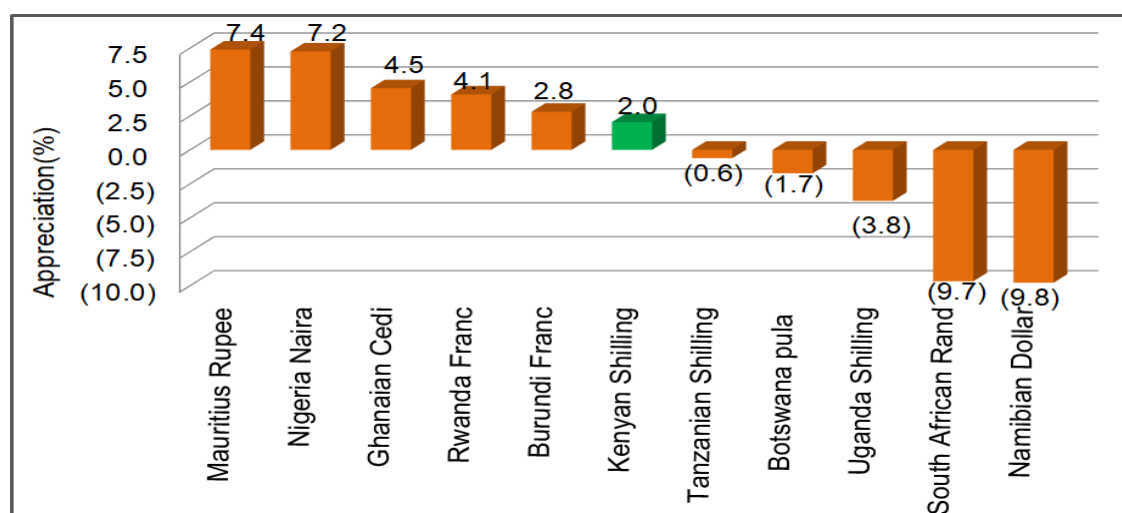
Source of Data: National Central Banks

Kenya Shilling Exchange Rate

28. The foreign exchange market has largely remained stable but partly affected by tight global financial conditions attributed to uncertainty with regard to the COVID-19 pandemic. In this regard, the Kenya Shilling to the US Dollar exchanged at Ksh. 110.9 in October 2021 compared to Ksh.108.6 in October 2020.

29. In comparison to most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by 2.0 percent against the US Dollar in the year to October 2021. This depreciation of the Kenya Shilling was the Draft 2022 Budget Policy Statement lower than that of Rwanda Franc, Nigerian Naira, Mauritius Rupee, Burundi Franc and Ghanaian Cedi. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and favourable horticultural exports.

Figure 3: Performance of Selected Currencies against the US Dollar (October 2020 to October 2021)



Source of Data: National Central Banks

Interest Rates

30. Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.0 percent on 28th September 2021 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises distressed by COVID-19 pandemic. The money market was relatively liquid in October 2021 supported by Government payments. As such, the interbank rate remained low but increased slightly to 5.3 percent in October 2021 from 2.7 percent in October 2020.

31. Interest rates on the Treasury bills remained relatively stable in October 2021. The 91-day Treasury Bills rate was at 7.0 percent in October 2021 compared to 6.5 percent in October 2020. Over the same period, the 182-day Treasury Bills rate increased to 7.4 percent from 6.9 percent while the 364-day also increased to 8.3 percent from 7.8 percent.

1.3. Fiscal Performance

32. Budget execution started on a bearish note in the first quarter of the FY 2021/22 due to cash flow constraints that hampered the implementation of the set priority projects and programs in the county with the only major expenditure being on personnel emolument which has been occasionally delayed.
33. There has been a snarl up in the disbursement of conditional grants due to litigations issues between the National Treasury and other entities which has affected implementation of programs and projects that have ultimately greatly affected service delivery.
34. The county has embarked on rationalization of the budget so as to realign its expenditure to the set priorities in order to regain momentum with the ultimate goal of achieving the set objectives within the financial year.
35. Fiscal outcome for the quarter of the financial year has been unsatisfactory, due revenue shortfalls that continue to persist amid rising expenditure pressures. Expenditure pressures relate to the rising wage bill resulting from personnel emoluments, taking up a substantial amount of the county revenue. Increasing personnel emoluments is likely to impact on pensions that would increase the County Government's contingent liability. Continued recruitment is unsustainable and poses risk to the stability of the budget for 2022/23 in the face of resource requirement for County development. In view of the above, the County continues to implement austerity measures so as to tame the bloated wage bill.

1.4 Revenue Performance

36. In the first quarter of the current financial year 2021/2022, as at 30th September 2021, the actual revenue attained was Ksh 2,022,435,936 which is 14.0 % of the total estimated budget of Ksh 14,500,000,000. The National Government transfers was Ksh 1,248,613,420 and local revenue of Ksh 773,822,516.
37. In contrast the same period in the 2020/2021 FY the revenues realized was Ksh. 520,993,878 which was 5.0 % of the total estimated budget of Ksh. 14,634,579,687. The National Government transfers were not disbursed during the first quarter.

1.5 Expenditure Performance

38. Total expenditure for the first quarter of the FY 2021/22 amounted to Ksh 1,159,775,802 which was an 8 percent of the total budget and an increase in expenditure compared to the same period in the last financial year 2020/21 which was Ksh 527,993,807.
39. Recurrent expenditure amounted to Ksh 519,352,787 which comprises of Ksh 509,485,690 for compensation of employees, Ksh 9,867,097 on use of goods and services and Ksh 54,000,000 as transfers to other Government Entities.
40. Development expenditure for the first quarter of the current financial year amounted to Ksh 586,423,015. The underperformance in development expenditure was due to lack of disbursement of funds to undertake the same.

1.6: Fiscal Policy

41. The County Government will continue to pursue prudent fiscal policy to ensure stability. In addition, our fiscal policy objective will provide an avenue to support economic activity while allowing for sustainable management of public finances. As such, the CG has committed to a repayment plan of the pending bills so as to offset all the pending bills in the shortest period possible and ensuring expenditure is strictly done guided by availability of funds going forth.
42. Fiscal policy will continuously support the County development economic activities while providing a platform for the implementation of the CIDP within a context of sustainable public financing. This process will be strengthened in the FY 2022/23 by encouraging more private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.
43. The bullish outlook for the FY 2022/23 and the medium term, will be supported by the stable macroeconomic environment, ongoing investments in strategic priorities of the County Government under the Vision 2035 to compliment the “Big Four” Agenda, the ongoing public investments in infrastructure projects, the Economic Stimulus Program being implemented and the planned Post Covid-19 Economic Recovery Strategy, turn around in trade as economies recover from the Pandemic.
44. The County Government continues to put up stringent measures that ensures that the budget deficit is reduced and adjustments will be made to fiscal aggregates to reflect revisions in the macroeconomic projections as well as revenue performance for the first quarter of FY 2021/22 FY.

45. On the expenditure side, the CG will continue with rationalization of expenditure to improve efficiency and reduce wastage. Expenditure management will be strengthened with continued implementation of the Integrated Financial Management Information System (IFMIS) across all the departments.
46. The county will continue reallocating expenditure towards those priority programmes as identified by the various stakeholders. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic welfare.
47. To achieve this target, the Government will reprioritize in recurrent spending to only the basic necessities and double its effort in domestic resource mobilization. Revenue performance will be underpinned by the on-going reforms in tax policy and revenue administration and boosted by economic recovery occasioned by the Economic Stimulus Programme and the planned Post Covid-19 Economic Recovery Strategy.
48. In addition, the county will continue venturing in public private partnerships with potential local and foreign investors and other development partners to assist in development of the county.
49. The county intends to initiate a catalyst fund geared towards the support of the various economic stimulus projects earmarked in the county to cater for projects facilitation, consultancy expenses and transaction costs to ensure acquisition of finances for the onset of the said projects.
50. Notably is the fact that Departments have been taking measures to ensure that they prioritize projects and programs that they are able to implement in the short term which will increase the overall Departmental absorption rate and this trend to a greater extent should be maintained if not improved further.

Table 2: STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED SEPTEMBER 30TH 2021

	September 2021 (Q1) Ksh	Cumulative Amount (Ksh)
RECEIPTS		
Exchequer releases	1,248,613,420	1,248,613,420
County Own Generated Receipts	773,822,516	773,822,516
TOTAL RECEIPTS	2,022,435,936	2,022,435,936
PAYMENTS		
Compensation of Employees	509,485,690	509,485,690
Use of goods and services	9,867,097	9,867,097
Transfers to Other Government Units	54,000,000	54,000,000
Other grants and transfers	0	0
Other Payments	586,423,015	586,423,015
TOTAL PAYMENTS	1,159,775,802	1,159,775,802

1.7: Economic Outlook

Global Growth Outlook

51. The global economic recovery continues to strengthen, largely supported by gradual reopening of economies, relaxation of COVID-19 restrictions particularly in the major economies, ongoing deployment of vaccines, and strong policy measures. Nevertheless, the outlook for global growth remains highly uncertain, due to the resurgence of infections, the reintroduction of containment measures, and the uneven pace of vaccinations across the globe. As such, global growth is projected to grow at 6.0 percent in 2021, moderating to 4.9 percent in 2022 from the contraction of 3.2 percent in 2020.
52. Global growth is expected to moderate to 3.4 percent over the medium term reflecting projected damage to supply potential and forces that preceded the pandemic, including slower labour force growth due to aging population in advanced economies and some emerging market economies. The emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses.
53. The Sub-Saharan African region has not been spared the negative effects of the pandemic with the region estimated to have contracted by 1.8 percent in 2020. Consistent with forecast in other regions, economic growth in the region is expected to recover to 3.4 percent in 2021 and 4.1 percent in 2022 supported by improved exports and commodity prices along with a recovery in both private consumption

and investment. However, per capita output is not expected to return to 2019 levels until after 2022.

Domestic Growth Outlook

54. Like the rest of the world, the domestic economy was not spared from the adverse impact of the Pandemic in 2020. As such, economic growth is estimated to have contracted to 0.3 percent in 2020. The economic growth is projected to bounce back to 6.0 percent in 2021 reflecting recovery due to reopening after the closure associated with the COVID-19 Pandemic. This also in part reflects the lower base in 2020 when most service sectors especially accommodation and restaurant, education as well transport services contracted in second and third quarters of 2020 with huge margins.
55. In terms of fiscal years, the economy is projected to expand by 2.9 percent in the FY 2020/21, 5.9 percent in FY 2021/22 and 6.1 percent in FY 2025/26. This outlook will be reinforced by the prevailing stable macroeconomic environment and the ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda and Economic Recovery Strategy. Weather conditions are expected to be favorable supporting agricultural output. As a result, export of goods and services will expand as global demand normalizes. These factors will push up consumer demand and increase both public and private sector investment reinforcing the projected growth. The economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) of the Vision 2030.
56. While we expect the economy to remain resilient, our projections remain cautious. We expect Revenue growth to be 10 percent in 2022/23; representing a steady 10 percent revision upwards from the 10 percent projected in the CFSP 2021.
57. With respect to revenue, the CG will maintain a strong revenue effort at 10 percent of Revenue Growth over the medium term. Measures to achieve this effort include upgrading of the county revenue automated systems, interdepartmental concerted efforts towards revenue collection, implementation of the finance act 2021 with a rejuvenated enforcement mechanism. In addition, the CG will rationalize existing fees and charges incentives, expand the income base and remove exemptions as envisaged in the Constitution.

1.8: Risks to the Economic Outlook

58. There are risks to this macroeconomic outlook emanating from domestic as well external sources. On the domestic front, the emergence of new COVID-19 variants that may require broader reinstatement of containment measures, in the country and its trading partners could lead to renewed disruptions to trade and tourism. Other risks relate to lower agricultural output due to potential adverse weather conditions and continued desert locust infestation in the northern region of the country, which could potentially reduce production of food crops and animal feeds. Additionally, increased public expenditure pressures, particularly wage and other recurrent expenditures would put a strain to the fiscal space.
59. The upside risk to the domestic economy relate to faster than projected rebound in economic activities that would result in higher Government revenues providing fiscal space that would support faster reduction in fiscal deficit and debt accumulation. Additionally, potential lower oil prices in the international market would result in improved terms of trade.
60. On the external side, risks will depend on how the world responds to the health crisis, including whether the new COVID-19 strains are responsive to vaccines. Additionally, growth would be weaker than projected if logistical hurdles in procuring and distributing vaccines especially in emerging market and developing economies will be slow. The delays would allow the new variants to spread, with possibly higher risks of infections among the vaccinated populations. World economies will be shaped by policies taken to limit persistent economic disruptions; the evolution of financial conditions and commodity prices especially oil in the international market; and, the adjustment capacity of the economies.
61. On the upside, better global cooperation on vaccines could help prevent renewed waves of infection and the emergence of new variants, end the health crisis sooner than assumed, and allow for faster normalization of activity, particularly among emerging market and developing economies. The Kenyan Government continues to monitor the domestic and external environment and will take appropriate policy measures to safeguard the economy against the adverse effects were the risks to materialize.
62. On the National front as most economies opens up, risks continue to emanate from weaker external demand, reduced tourist arrivals and containment measures due the Covid-19 pandemic. In addition, the economy will continue to be exposed to risks arising from public expenditure pressures, particularly wage related recurrent expenditures and the erratic weather-related shocks that could have negative impact

on energy generation and agricultural output leading to higher inflation that could slow down growth.

63. The County is committed to the implementation of the Economic Recovery Strategy to return the economy on a stable growth path. Additionally, the diversified nature of our economy continues to offer resilience to any global challenges.
64. Other than the delayed disbursement of exchequer issues, the main challenges that continue to be experienced relate to unrealized projected local revenue collection, bloated wage bill and huge pending bills some of which are statutory deductions that accrue huge interests.
65. The high wage bill continues to be a major challenge in the implementation of the budget. The recruitment of key essential staff and the frequent salary increment for various cadres of staff continues to increase the already bloated wage bill. The various collective bargaining agreements (CBAs) to increase salaries and benefits of various officers also continues to threaten the already bloated wage bill.
66. In the medium term, due to revenue shortfalls, the ever-increasing pending bills and a high wage bill, continues to pose a threat of a budget deficit. Systems are being put in place to improve local revenue performance, following revenue collection reforms and moderation in recurrent expenditure, so as to increase the revenue bases and the fiscal position in the medium term.
67. The Government will monitor the above risks and take appropriate measures to safeguard macroeconomic stability including preparation of supplementary budgets to regularize and align any emerging issues.
68. The county will continue reorienting expenditure towards those priority programmes outlined in the County's blue prints and as identified in various stakeholders forum. The strategy will implement the priority programmes/ projects as entailed in the CIDP 2018-2022. This is the last Fiscal Strategy Paper to implement the CIDP 2018-2022.
69. The critical programmes to be implemented are expected to stimulate the County's socio-economic development. The key County proposed priority areas are;
 - ❖ Revamping of quality and affordable health services
 - ❖ Streamlined waste management services
 - ❖ Increased accessibility to safe potable water and sustained food security
 - ❖ Provision of inclusive Quality Education, Gender empowerment, Youth & Sports development
 - ❖ Land management and affordable Housing Services
 - ❖ Public and onsite Infrastructure development

70. The revenue projections over the medium term takes into account the consistent decline in the share of revenue to the County in the recent years, the negative impact of the Covid-19 pandemic on revenue collection and the impact of personal and corporate income tax relief extended to individuals and businesses to mitigate the impact of the pandemic.
71. As such, the Government will take a cautious and realistic revenue projections for FY 2022/23 and the medium term to manage expectations and improve budget credibility. Fiscal policy over the medium-term aims at enhancing revenue mobilization and strengthen management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects.
72. The fiscal framework for the financial year 2022/23 entails a deliberate effort to continue exercising prudence in public expenditure management with the principal goal of containing fiscal risks, gradually lowering the fiscal deficit, and adopting austerity measures to deter increase of recurrent expenditures in favor of productive capital spending. To achieve this, the County Government endeavors to prioritize expenditure in provision of safe potable water, quality health services, modernized education institutions, improved infrastructure, sanitation and waste management, social protection as well as youth and gender empowerment. The overall objective of this is to realize sustainable, shared and equitable growth that would in return lead to accelerated job creation and improved livelihoods for the citizenry.

CHAPTER TWO

2.0: ACCELERATING ECONOMIC RECOVERY FOR IMPROVED LIVELIHOOD

2.1: Overview

73. The COVID-19 pandemic has both magnified the importance and the urgency to institute policy measures to strengthen economic resilience and cushion Kenyans and businesses from the adverse effects that result from economic shocks. From the outset of the pandemic, the Government took decisive actions to respond to the adverse effects of the pandemic by implementing initiatives such as offering tax reliefs and the Economic Stimulus Programme (ESP) whose objective was to return the economy to the pre COVID-19 growth trajectory by increasing demand for local goods and services, cushioning vulnerable Kenyans, securing household food security for the poor, and creating employment and incomes.
74. During the peak of the pandemic, the County Government set up a Covid 19 fund with the support of all stakeholders had a kitty whose purpose was to address a household feeding program, provision of sanitary assortments and water tankering so as to cushion the residents from the adverse economic effects of Covid-19.
75. The County Government will gradually continue to roll out the Post Covid-19 Economic Recovery Strategy which will mitigate the adverse impacts of the Pandemic on the economy and further re-position the economy on a steady and sustainable growth trajectory. The policies in this document have also been anchored on the Medium-Term Plan III of the Vision 2030 as prioritized in the “Big Four” Agenda.
76. The 2022 CFSP, therefore articulates priority economic policies and structural reforms as well as sectoral expenditure programs to be implemented under the Medium-Term Expenditure Framework for FY 2022/23– 23/24 in order to achieve the County Government’s development goal of economic transformation for a shared prosperity.
77. To address the current challenges and cushion the citizens and businesses from the adverse effects of the Pandemic, the County Government has embarked on implementing an Economic Stimulus Programme - whose objective is to regulate the economy back to the bullish trajectory it was on pre-Corona by increasing demand for local goods and services, cushioning vulnerable Kenyans, securing household food security for the poor, and creating employment and incomes.
78. The County Government has launched a domesticated Economic Recovery Strategy to compliment the National Government’s Post Covid-19 Economic Recovery Strategy (ERS) which will mitigate the adverse impacts of the Pandemic on the

economy and further re-position the economy on a steady and sustainable growth trajectory.

79. Successful implementation of the Post-Covid-19 ERS is predicated on faster implementation of policy, legal and institutional reforms that are necessary for effective implementation of the Strategy. The Government will ensure that all the proposed policies and legislation are implemented within the specified time lines.

2.2: Economic Stimulus Programme

80. Mombasa County intends to achieve a comprehensive socio-economic transformation by applying a well thought of and effective strategy. The Covid – 19 pandemic has necessitated the County Government of Mombasa to come up with an Economic stimulus program (ESP) to mitigate the negative effects of the pandemic. This formidable strategy will boost economic growth and lead the economy out of a recession or economic slowdown onto a clear path to economic recovery.
81. The objective of the ESP is to set the county on an economic recovery path, invest in short, medium to long term solutions that will uplift the Mombasa economy, expand economic opportunities for employment creation and livelihood sustenance, increase the disposable income of its citizenry and subsequently, boost their purchasing power, promote local economic development for equity and social stability, improve infrastructure and promote business and private sector investments in specific sectors of the economy such as the blue economy, tourism, manufacturing and social sectors.
82. The Mombasa County Government intends to implement the economic stimulus program through the signature strategic program named “PRUVIT”. This is modeled as a 1 billion risk sharing facility (RSF) aimed at providing incentives to financial institutions, including banks, microfinance institutions, and savings and credit cooperative societies to lend up to specific sectors of the economy identified as key triggers of economic recovery.
83. The risk sharing facility will be managed by the department of Finance and economic planning which will establish a program management facility to run the day-to-day operations for the PRUVIT program and will be answerable directly to the County Cabinet.
84. The County Government shall partner with experienced financial institutions to fund the innovative value chains through a risk sharing facility. Local and International partners shall also be mobilized to support the “PRUVIT” program and enable

selected financiers to lend at a multiplier of the amount negotiated with the County Government of Mombasa.

85. Sectors targeted and development of innovative value chains

- ❖ Investment climate reforms: Creating an enabling business and investment environment to drive growth and attraction of business and investments.
- ❖ Blue economy: Interventions in harnessing the ocean to address food security, health, transport, water, energy, minerals, sports and leisure.
- ❖ Renewable energy: Harnessing renewable energy sources and directing their utilization for households, manufacturing, production, etc.
- ❖ Trade and investments: Promoting business and investment for micro, small and medium enterprises
- ❖ ICT: Adopting ICT and innovation as a business and trade tool, building hubs that incubate ideas, nurture innovations and use technology to create inventions.
- ❖ Agriculture and food security: Developing linkages and integration of processes from production to consumption in a manner to enhance the competitive advantage of Mombasa County.
- ❖ Tourism and cultural development: Developing new and innovative product offerings for the tourism sector
- ❖ Entertainment and performing arts: Exploring investment opportunities in performing arts studios, entertainment joints, recording studios, art galleries, filming parks and patenting and copyright services.
- ❖ Light manufacturing and industries development: Reviving local industries and development of new industries through harnessing new skills and technology for growth.
- ❖ Transport and logistics: Developing multimodal transport networks and linkages into the economy for catalyzing production for export.

2.3: Harnessing the “Big Four” Agenda for Job Creation

86. The “Big Four” Agenda was initiated four years ago by the Government as an economic blueprint meant to foster economic development and to provide a solution to the various socio-economic problems facing Kenyans. Since initiation, the Government has continued to accelerate implementation of programmes under each pillar of the “Big Four” Agenda, by formulating enabling policies and enhancing resource allocations. These efforts have borne fruits in improving livelihoods through creation of jobs and alleviation of Kenyans from poverty. Further, the “Big

Four” Agenda has played a key role in driving the Third Medium Term Plan (MTP III) of Vision 2030.

87. The County Government has plans to complement the implementation of the “Big Four” as outlined in the County’s key policy documents amongst them the County Integrated Development Plan 2018-2022, the Mombasa Vision 2035, the Mombasa Social Protection Strategy 2018 and others.

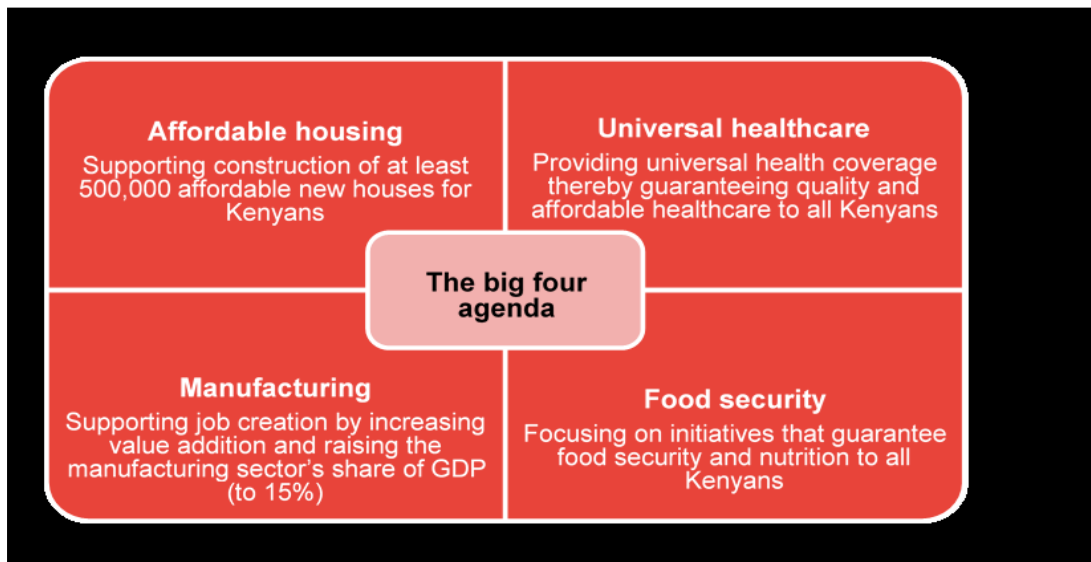


Figure 4: The County “Big Four” Plan

88. **Affordable Housing:** Poorly planned suburbs contribute to thrive in crime and drug abuse and makes it harder to provide essential services in certain areas. The unplanned mushrooming of suburbs within Mombasa County also imposes challenges in environmental solid waste management as well as proper drainage of storm water due to the unprecedented change in climate seen in irregular and abnormally heavy rains. Besides, the availability of affordable and decent housing is a growing challenge. The limited land must also be put into optimum use through proper planning and management.

89. Mombasa County intends to implement various strategies to mitigate this persistent challenge; Upgrade informal settlements using low cost building materials and construction techniques in 7 informal settlements, Support the development of housing schemes for low and middle class urban dwellers, Establishment of more commercial areas for retail trade, Create a county housing development fund, Develop guidelines for green buildings and energy efficient work places, Establish green and recreational areas especially for children and youth, Stop the proliferation

of informal settlements, Address historical land injustices, consolidate and reserve selected pieces of land for future needs.

90. Furthermore, affordable housing has remained a challenge not only in Mombasa County but also globally as well as nationally. In this regard it's the eleventh Sustainable Development Goal which is about making cities inclusive, safe, resilient, and sustainable. According to UN Habitat, the key target of Goal Eleven was to ensure that all people have access to adequate, safe and affordable housing. Creating a housing market that accommodates people with low-income is a priority for Kenya's policy makers which Mombasa County has adopted. In Urban environments like Mombasa, low income earners stay in housing built informally or inadequately, below any minimum building standards, made of inappropriate building materials that do not create permanent housing conditions. This reaffirms the poverty condition of these vulnerable groups, and makes sustainable development seem like a challenging goal.
91. Consequently, to address this concern, the County proposes the construction of 3,000 low cost housing units in 10 County Estates so as to increase access levels to decent housing by low income earners from 4% to 10%. This investment in affordable housing is mainly to address distributional gaps. It will guarantee that disadvantaged segments of the society have access to affordable decent housing, and the department will work with established CT programs in ensuring that the neediest populations benefit from the settlement.
92. **Universal Health Coverage (UHC):** Majority of the Mombasa residents particularly those who are not formerly employed rely on public healthcare system. The people of Mombasa have had challenges in accessing good public health care services due to challenges related to poor infrastructure, limited medical personnel and requisite drugs.
93. To address these challenges we endeavor to do the following; Strengthen primary health infrastructure by among other things modernizing the public hospitals and health centers, upgrade existing infrastructure and adopting latest medical technology Ensure uninterrupted supply of affordable lifesaving and essential medicines and equipment in all public health facilities, Establish a health insurance scheme for high risk populations such as the elderly and women in informal settlements as well as developing a public health education programme to sensitize communities and end preventable communicable diseases
94. In achieving Universal Health Coverage, the County's main focus is to advocate and sensitize the citizenry to enroll in the national health insurance scheme as this

reduces the out of pocket expenditure in health leaving them with income for improving their standards of living. In Mombasa County, the Demographic Health Survey indicates that the coverage of NHIF is 31.8% (2015) against a national average of 26.7%.

95. To address this gap, the county, through its social protection strategy, commits to invest in enrolling all Community Health Workers with NHIF, and to pursue and promote innovative Community Based Health Financing Models targeting young mothers - as an effort to improve coverage of health insurance amongst the general population from the current 26.7% to 60% by end of 2022. The plan will involve linkage with other Social Assistance initiatives including national level programs in order to influence the inclusion of Health Insurance cover within the Social Assistance package of care.
96. **Food and Nutrition Security:** Mombasa County through the Department of Agriculture, Livestock, Fisheries and Cooperative Development will prioritize the three fundamental components of food security; availability, access and utilization. Being a purely urban county, the dynamics of food security differs compared to rural contexts and across urban socio-economic groups. Access to food in urban areas is dependent on cash exchange, with some exceptions where some urban food production (like fishing) contributes directly to household intake. Reliance on purchased food is the leading factor in household food (in) security of poor urban populations, yet many lack a fixed income.
97. There is therefore a great potential for vulnerable households to use urban agriculture as a means of supplementary income and for direct household consumption. The department will also support community groups participating in urban farming and fishing, and will equally promote the planting of 100,000 fruit trees that will also promote environment conservation and mitigate climate change effects.
98. Increasing fish production is one of the strategies that the Government is employing to attain food and nutrition security. Significant progress has been made in this area. Fish production has more than doubled only six months after the launch of the Kenya Coast Guard Service at the Liwatoni Fishing Complex. In addition, the Government has committed financial resources towards the development of designated ports in the coast to facilitate landing by deep sea fishing vessels. Some of these fish landing sites under construction include Kichwa cha Kati and Ngomeni in Kilifi County, Gazi, Kibuyuni, and Vanga in Kwale, and two markets in Mombasa and Malindi.

99. To enhance income levels of farmers, the Government is promoting agriculture through structured trading by negotiating market access of their produce in international markets and restructuring the Kenya National Trading Corporation to better receive and manage farm produce. This will help reduce post-harvest losses and improve post-harvest handling of agricultural produce. In addition, the Government will continue to promote local produce abroad to deepen markets and further explore marine and aquaculture resources in view of the new global blue economy model.
100. **County's Contribution to the Growth of National GDP through manufacturing:** The county Government will continue to support job creation by encouraging manufacturing industries to set up shop within the county through the improvement of the existing infrastructure and setting up of special economic zones. The County will additionally work with industry players to support innovation across the entire value chain – whether in buying new solutions, building their own, or partnering with others to innovate.
101. On the blue economy, Kenya successfully hosted the Sustainable Blue Economy Conference in November 2018 which Mombasa County actively took part in and hosted the pre-conference which reflects the County's commitment to revamp the blue economy. Successful hosting of this Conference paved way for investment in the blue economy within Mombasa County which is strategically located in the coastline thus it's expected to create thousands of marine related jobs and support efforts to realize food and nutrition security in addition to enhancing environmental sustainability.
102. Mombasa County is determined to create a business environment that encourages investment and put the economy of Mombasa on the path of growth. Besides the county borders the Indian Ocean with a rich biodiversity of marine fishes which if exploited can guarantee an annual fish catch of over 5,000 metric tons per year.
103. Amongst the many strategies we can use to boost the economy of Mombasa and ensure a higher contribution in the growth of the National GDP are; Relaxing regulations, changing the tax system including reduction in selected taxes and levies to better support entrepreneurs and encourage investment; Modernization of Marikiti and Segha markets in Majengo and better coordination of informal traders such as introduction of weekly market concept in CBD; Promote procurement of local products, services and expertise; Develop Business Information and Incubation centres in all sub-counties to support young Entrepreneurs; Construct a modern fish market equipped with adequate cooling facilities; Support value addition for fish

and fisheries products, and improve access to markets; Promote sustainable fishing practices in collaboration with relevant stakeholders; Promote deep sea fishing by initiating a Mombasa County Fishing Fleet in collaboration with the Kenya Fisheries Service (KeFS) and the Kenya Marine and Fisheries Research Institute (KMFRI) and Promotion of Mari culture.

104. Furthermore, the County will provide opportunities for women and people living with disabilities for engagement in income generating activities and establishment of a County Trust Fund to cater for gender & disability support; Increased financial accountability for all county infrastructural projects and awarding of contracts based on competent work experience; Exercise zero tolerance on corruption among public servants. The implementation of these strategies will greatly improve the business environment and ultimately reigniting and boosting the Mombasa economy.
105. To support the blue economy, the Government created the Kenya Coast Guard Service which the County fully support and compliment to guard Kenya's territorial waters against illegal fishing at the exclusive economic zone and from criminals. The Kenya Coast Guard Service is also tasked with enforcing maritime security and safety, pollution, and sanitation measures, and prosecution of offenders. Boosted security is expected to encourage fishing in the deep sea.
106. Additionally, the County Government has purchased deep sea fishing vessels that are geared towards expending fishing and conserve the marine life within the Coast line.
107. The fundamental pillar of Post-Covid-19 Economic Recovery Strategy (ERS) is a sound macroeconomic framework. The other key pillars include accelerated growth in private sector investment; enhanced allocations to strengthen health care systems; supported recovery and growth of MSMEs; full implementation of the ESP; continue harnessing the blue economy; up-scaled investment in infrastructure; facilitate clean, green and resilient growth and better disaster preparedness and management. In addition, the Government will pay greater attention to economic governance, inequality, social cohesion, gender, youth, regional integration, and international cooperation.

2.4: Conducive Business Environment for Employment Creation

108. The business environment remains resilient and business growth has been on a positive trajectory despite the adverse effect of the COVID-19 pandemic. The Government has continued to implement various initiatives aimed fostering a stable

macroeconomic environment; supporting business recovery and reducing the cost of doing business in the country which is critical for economic growth, enhance security to attract both domestic and international investors, and promote trade that is geared towards job creation.

2.4.1. Key Pillars of the Recovery Strategy

109. There is need for urgent responses for addressing the social and economic effects of the Covid-19 pandemic in Mombasa County, in order for the County to recover and be on an upward growth trajectory. In this regard, six (6) pillars have been identified:

- Boosting private sector activity;
- Policy, legislation and institutional reforms;
- Strengthening County Government's preparedness and response to pandemic and disasters;
- Enhancing ICT capacity for business continuity,
- Human capital development and
- Blue Economy.

110. **Boosting Private Sector Activity:** The private sector plays a critical role in the Mombasa County economy in reducing poverty through income generating opportunities for the vulnerable households. The KNBS 2016 data shows that most of the private sector activities (62.2%) are in 13 the services sector with only 6.6 per cent in manufacturing. In terms of size, most of the enterprises in the County are in the micro category (86.1%), 13.4% are small, and 0.5 per cent are medium enterprises. Since most firms are micro in nature, this implies that the informal sector tends to dominate the private sector in Mombasa County.

111. Services sector activities include the wholesale and retail trade, repair of motor vehicles and motorcycles (62.2%); arts, entertainment and recreation (9.5%); accommodation and food services (6.6%). Covid-19 disrupted the operations of businesses and supply chains hence affecting demand and supply of most goods and services in the County. Overall, majority of the MSMEs (44.4%) in Mombasa County get their raw materials from their peer MSMEs within the County. MSMEs generally sell their products to individual consumers (93.9%) within the County. This means that when some firms are adversely affected this tend to spread fast in the private sector. MSMEs face various challenges in the County. This including financial and technical capacity, market environment, and worksite and related infrastructure (KIPFRA 2019, KNBS, 2016).

112. Medium Size Enterprises face inadequate and unequipped worksites, lack of public toilet facilities, lack designated areas for waste disposal, poor road infrastructure, frequent power interruptions. On technical capacity MSEs are characterized by low levels of innovation, lack of training and apprenticeship programme for artisans, fragmentation due to multiplicity of players who offer training and capacity building, and lack of monitoring and evaluation of training programmes.
113. With the market environment, MSEs face inadequate market for their local products; stiff competition among themselves; and unfair trade practices which manifest through; contract enforcement, counterfeiting, dumping (substandard goods) and misrepresentation (through weight, price, and ingredient). MSEs also face bottlenecks related to; insecurity; multiple licenses and permits; numerous procedures for obtaining licenses; and shortage of raw materials.
114. The crisis offered an opportunity to address the County's structural issues, especially through private sector development and collaboration, in designing new growth models in industrial/manufacturing development and innovation and participation in national and global value chains are also useful especially through:
- Agro processing for value addition with important areas of focus include coconut, mango, fish, cassava, cotton, cashew nuts, leather production and processing.
 - The textile and wearing apparel sectors can be enhanced to provide PPEs for use within the County and potentially for the export market.
 - Exploration and processing of minerals such as cement, coral rock harvesting, quarrying, ballast and sand harvesting for both domestic and export markets.
115. In strengthening the private sector, efforts targeted at improving the business environment, the county will;
- ✓ In partnership with other institutions both from public and private spheres facilitate development of adequate and well-equipped worksites with workshops, common user facilities, incubation centers and showrooms for artisans which is cluster informed and fully serviced.
 - ✓ Collaborate with the Anti-Counterfeit Agency (ACA) and Kenya Revenue Authority (KERA) to sensitize MSEs on issues of counterfeits and dumping of goods.
 - ✓ Collaborate with relevant stakeholders and institutions such as Kenya Institute of Business Training (KIBT) and National Industrial Training Authority (NITA) to provide entrepreneurial training and technical training, apprenticeship and certification programmes to MSEs.

- ✓ Collaborate with the National government to ensure security is enhanced to reduce on crime and create a peaceful business environment.
- ✓ Provide access to affordable renewable energy in collaboration with the national government and other stakeholders for sustainable development.
- ✓ Initiate and strengthen self-sustaining funds dedicated and easily accessible to MSMEs in the County; promote tailor made financial literacy programmes for MSMEs; and establish a framework for micro-leasing for the MSMEs.
- ✓ Improve infrastructure and promote private sector investment in specific sectors of the economy including Manufacturing, Light Industries, and Transport and Logistics with a focus on Promoting Exports.
- ✓ Enter partnerships with neighboring counties that seek to facilitate trade including but not limited to harmonizing number of licenses or permits obtained by MSEs.
- ✓ Enhance market access for private sector both locally and regionally by developing the regional bloc value chains, market diversification and facilitating greater use of ecommerce in shifting transactions to digital economy.

116. **Policy, Legislatives, and Institutional Reforms;** Mombasa County has numerous laws regulating finance, water and sewerage, outdoor advertising, port health, local tourism, childcare, education and trade licensing. It has also enacted critical legislative frameworks such as the Mombasa County Public Participation Act, 2017, the Mombasa County Disaster Preparedness and Emergency Management Act, 2017, the Mombasa County Reproductive Healthcare Act, 2017 and the Mombasa County Environmental Health and Sanitation Act, 2017. The County also has bills under consideration by the County Assembly such as the Mombasa County Quality in Learning and Teaching Bill, 2015 and the Mombasa County Medical Facilities and Services Co-ordination Bill, 2014.

117. In strengthening the law to play a critical role in preventing and mitigating health consequences of emergencies such as the COVID-19 pandemic, which is continuously evolving, the County will:

- ✓ Provide a framework for prescribing measures to address Covid-19 and other infectious diseases. This would cushion the County in future and raise its level of preparedness in the event of a surge, or re-emerging or emerging infectious diseases.
- ✓ Collaborate with expert agencies such as Kenya Law Reform Commission and International Development Law Organization to strengthen the County's public health laws as an intervention tool in supporting the County's public health systems and to reflect current modern terminologies, trends and practices.

- ✓ Enact critical laws such as those regulating the County Medical Facilities and Services Co-ordination.
- ✓ Strengthen intergovernmental relations and coordination in implementation of government policies at national and county levels.

118. Strengthening County Government's Preparedness and Response to Pandemic and Disasters; Mombasa County is prone to floods and has enacted a Mombasa County Disaster Preparedness and Emergency Management Act, 2017 in response to these existing challenges. Even then, the County has not been spared by the Covid-19 pandemic which has negatively affected its residents. In response to this situation, the County will implement the strategies highlighted below:

- ✓ Promote research initiatives within the County in collaboration with relevant research institutes, scientists, academia, private sector, non-governmental organizations and public health experts.
- ✓ Actively engage professional health bodies such as Kenya Medical Practitioners and Dentists Council to sensitize health staff on their duties, responsibilities, obligations and roles in the event of pandemics and other disease outbreaks.
- ✓ Enlist the assistance of experts on Covid-19 from different fields and disciplines to engage County staff to build their expertise on Covid-19 and other similar infectious diseases.
- ✓ Incorporate utilization of surveillance information in decision-making by key policy makers.
- ✓ Engage local communities including youth to be trained in emergency response to see more youth gainfully engaged in nation-building through income generating activities.
- ✓ Deepen consultations among health stakeholders and experts.

119. Enhancing ICT Capacity for Business Continuity; the status of ICT access and use in the county is low, especially among households. Approximately 61.8 per cent of the population aged 3 years and above own a mobile phone which is above the national average of 47.3 per cent. The high cost of services as well as the perception that the individual does not need to use the internet and lack of knowledge and skills on internet are the leading reasons that the people of in the County don't have internet connection. In the new normal driven COVID-19, the County will fast track the implementation of various projects to ensure business continuity and build resilience of the County against future pandemics and disasters as follows.

- ✓ Support programmes in partnership with the private sector that will enable

households acquire ICT assets such as smart phones and laptops and increase mobile phone ownership from the low of 61.8 per cent to 100 per cent in line with the global agenda for Universal Access to Mobile Telephony

- ✓ Harness the power of technology and use innovative solutions to bridge the gender digital divide.
 - ✓ Speed up the construction of fiber-optic broadband networks in the county and collaborate with telecom companies to upgrade and improve the communication networks in remote areas to guarantee the quality of internet in line with international standards.
 - ✓ Collaborate with IT personnel in Universities to support the development of ICT competence and skills among the public and bolster a digital economy.
 - ✓ Negotiate with the public primary schools for community access to ICT infrastructure and collaboratively build and equip youth empowerment, ICT centers and ICT laboratories as provided in the CIDP.
 - ✓ Enhance internet connectivity to public buildings and key trade centres to boost e-commerce especially for MSMEs in trade and business. The National Optic Fiber Backbone (NOFBI) programme can be expanded to the sub-county administrative units to further enable deployment of e-governance solutions.
 - ✓ Make ICT a stand-alone sector for planning and budget allocation. This is aimed at giving strategic prominence to planning, budgeting and investment in ICT.
 - ✓ Review and implement ICT policies and procedures to manage ICT and mitigate cyber threats, disasters and pandemics. Collaborate with the national Computer Incident Response Team (CIRT) and the Communications Authority (CA) towards managing cyber threats. This is because enhanced use of ICT is known to raise threats and risks related to cyber-crime and misinformation.
120. **Promoting human Capital Development;** The Covid-19 pandemic made enterprises to lay off some of their workers due to economic crisis. The County population aged 15-64 years (labor force) was estimated at 565,381 people of whom 423,439 people were working and 141,942 were seeking work but work was not available representing an unemployment rate of 5.9 per cent (Kenya Population and Housing Census, 2019). From the May 2020 KNBS COVID-19 Survey, 16.0 per cent of the county labor force worked at least for 1 hour for pay; 19.7 per cent had never worked, and 21.4 per cent of employees did not attend work due to COVID-19 with other 83.5 per cent of employees working without any pay.

121. On average, workers in the County lost 13.4 hours per week due to COVID-19 and 29.0 percent of county residents recorded decrease in income while 1.0 percent recorded increase of income. The average years of schooling was 9.2 years out of the target of at least 12 years if entire population was to attain completed basic education including primary and secondary education (KIHBS 2015/16).

122. The human development index was 0.49 out of a maximum of 1 as compared to national average of 0.52. The HDI measures extent to which the counties can mobilize the economic and professional potential of the citizens. With a rating of 0.49 this means the county lost about 51 per cent of her economic potential due to lack of adequate education and health. About 21.1 per cent of the children were stunted. Childhood stunting is associated with developmental delays that can significantly and adversely impact a person's ability to learn (both during and after the years in school), thereby limiting their ability to reach their full potential. As such, this perpetuates inequality across generations. The NHIF coverage was 31.8 percent while the number of children vaccinated was 78.6 per cent. To develop human capital the County will;

- ✓ Improve the quality of MSMEs products for enhanced productivity. The Mombasa County will partner with research institutions like Kenya Industrial Research and Development Institute (KIRDI) and the Productivity Centre at the Ministry of Industry to ensure enhanced quality of commodities produced by various small and micro enterprises in the county.
- ✓ Promote investment and entrepreneurship through provision of loans. Mombasa County will improve access to finance for small and medium enterprises through lending institutions. In addition, build capacity in areas related to marketing, operations, finance, and human resource development to enhance the chances of survival of SMEs.
- ✓ Build workplace resilience to public health emergencies and outbreaks of infectious diseases in all County economic sectors.
- ✓ Create more employment opportunities through the development of pro employment policies; investment in education and training and skills 18 development; and investments within the key sectors of manufacturing, county infrastructure, tourism, technology and innovation.
- ✓ Improve access to finance for small and medium enterprises through lending institutions for sustained business.
- ✓ Enhance universal health access to collectively financed health services for all,

including uninsured workers and their families. Invest in Community and public health including community health workers, water, sanitation, immunization and public health.

123. **Exploiting the Blue Economy;** the main economic activities driving the Gross County Product (GCP) in Mombasa County are Transport and Storage (27.0 per cent) and Manufacturing (14.0 per cent). The National Spatial Plan 2015-2045 identifies Mombasa as a key coastal urban centres that serves as a Port City and Gateway to East Africa. The Sea Port of Mombasa provides direct connectivity to over 80 Ports worldwide and is linked to a vast hinterland comprising countries in East Africa. Altogether, these countries account for approximately 27.0 per cent of the annual total cargo throughput at the port. Kenya has a 5,500 Kms of Fiber Optic Cable connecting Fujairah, UAE with the Port of Mombasa.
124. The national spatial plan designates Mombasa as one of the regions for selective concentration of urban based activities to leverage national competitiveness. It is identified as a destination for outward looking investment given its strengths as a player in the global arena in terms of commerce, international transport and strong locational advantages. The country has invested in upgrading the port and railway infrastructure towards enhancing efficiency in transport and logistics in Mombasa and the hinterland.
125. According to the KIPPRA report on Enhancing Productivity and Competitiveness of the Kenyan Economy through a Cluster Development Strategy (2012), Mombasa was identified as a strategic cluster with advantages in Transport and Logistics, Marine Fisheries, Textile and Garments, Tea Value Addition and Auction and Beach Tourism. The County also has unique advantages in the Blue Economy.
126. The county will optimize its comparative advantage by:
- ✓ Locating external market oriented industrial and manufacturing activities in Mombasa to leverage on its transportation hub advantage.
 - ✓ Formulating, approve and implement urban development plans that integrate land use and transport development to create a City-Port nexus for sustainable development.
 - ✓ Providing infrastructure to support manufacturing value addition investments and human settlements.
 - ✓ Implementing the blue economy strategy in fisheries, maritime transport and mineral exploration activities in the Indian Ocean.
 - ✓ Formulating a strategy for local economic development (LED) to promote growth

of the local economy through commerce and industry and for generation of employment and income.

- ✓ Concentrating urban based economic activities such as industrial and manufacturing of garments, textiles, fisheries and tea, ICT, knowledge-based services and biotechnology targeting global/ international markets.
- ✓ Modernizing and expanding Moi international airport Mombasa as a transport and logistics hub to complement the port and serve industrial and commercial needs of the coast region.

2.5: County Priority Sectors

127. The actualization of the key priority areas will complement the “Big Four” agenda and is expected to accelerate and sustain inclusive growth, create opportunities for decent jobs, reduce poverty and income inequality and ensure that we create a healthy and food secure society in which every Kenyan is guaranteed of affordable and decent housing and provide a better future for the Mombasa Citizenry and the Kenyans at large.

128. The overall objective is to realize sustainable, shared and equitable growth that would in return lead to accelerated job creation and improved livelihoods for the citizenry.

129. **Revamping of quality and affordable health services:** The Covid -19 pandemic has been a wakeup call for Governments to ensure that health services are given outmost priority. In this regard, the County Government of Mombasa strives to achieve Universal Health care and will endeavor to ensure that its citizens have access to the best possible affordable and quality health services by heavily investing in the sector.

130. The County Government has a social protection strategy in place which prioritizes Universal Health Care thus ultimately reducing the out-of-pocket expenditure on health by advocating the enrolment of the citizens into the National Health Insurance fund.

131. The county hosts the Coast General Teaching and Referral Hospital which is the largest referral facility serving the entire coastal region and offers specialized health services. In order to complement this facility, the county has set up satellite level 4 hospitals which have been equipped and upgraded so as to improve accessibility to the citizens and the region at large.

132. The ongoing litigation hampering the Counties from accessing conditional grants is threatening to water down the gains that have been achieved in the health sector

especially in the referral hospital as it largely depends on the conditional grants for their daily operations.

133. The Department of Health continues to strategize and improve the support it offers to the community units which are manned by community health workers so as to address sanitation, hygiene and health issues as well as stepping up the water and sanitation programme compliance in the county.
134. **Increased accessibility to safe potable water and sustained food security:** Potable water consumed in the County is managed by the Mombasa Water and Sewerage Company (MOWASCO). This entity obtains its main water supply from Mzima Springs in Taita Taveta County, Marere in Kwale County, Sabaki/Baricho in Kilifi County and also Tiwi Boreholes in Kwale County.
135. The projected water demand for the County is 186,000 cubic meters per day while the current supply is at 42,000 cubic meters. The available supply can only meet about 25% of the demand and thus there is need for concerted efforts to address the water deficit. The establishment of desalination plants that will address the shortfall has been prioritized within the county development plans. A large population relies on borehole water that contains a high percentage of fecal contamination and not safe for domestic use.
136. There are 452 shallow wells spread across the entire county, three permanent springs, four water pans found in the remote areas of the county and a number of boreholes operated by private investors, NGOs and local CBO's. These sources are complemented by the piped water system. The rehabilitation and laying of new piping system is currently ongoing in phases with the support of the Water and Sanitation Development Project (WSDP) by the World Bank, as it is a capital-intensive project.
137. The County Government has a dedicated department that continuously addresses all matters food security including harnessing of the blue economy, promotion of urban agriculture, mari- culture as well as promotion of livestock rearing. It has aligned its plans and strategies to address food security so as to complement a major component of the big four agenda and to ensure that there is sustainability in food security within the county.
138. **Public and onsite Infrastructure development:** As the county diversifies its economic activities and positions its self to becoming a preferred destination for investors both local and foreign so as to improve the quality of life for its citizens, it will establish onsite infrastructure. This is will stimulate the ailing economy by providing an enabling environment for investment and delivery of services by acting

as a catalyst that ensures amongst others a vibrant 24 hours economy and also a preferred worldwide tourist destination.

139. In infrastructure development, the main interventions continues to be improvement of access roads, drainage, non-motorized transport, beautification and aesthesis of the County. To empower the SMES the county will continue to improve and set up trading infrastructure within the county.
140. **Sustainable Waste Management Services:** As the County aligns itself to the Green economy which is a global phenomenon, unstructured waste disposal continues to be the leading cause of environmental degradation due to lack of an efficient and effective solid waste management system. Due to the proliferation of illegal dumpsites witnessed within the county with piles of uncollected garbage littering most estates, the county is embarking on putting up structures and mechanisms so as to address the perennial menace.
141. An exponential amount of untreated sewage is being disposed off into the Indian Ocean while solid waste is disposed at the Mwakirunge Dumpsites with only 17 per cent of the County being connected to the sanitation and sewerage system at Kipevu Sewerage plant. In this regard, the County Government is currently embarking on solid waste management initiatives with efforts in place to commission landfills that will adhere to environmental safeguards.
142. The safe disposal of solid and liquid waste will inhibit disposal of raw and untreated waste into our water bodies.
143. **Provision of inclusive Quality Education, Gender empowerment, Youth & Sports development:** As the County nurtures a globally competitive workforce that will drive economic growth and spur job creation, rehabilitation and improvement of the Technical and Vocational Training Institutions (TVETs) is paramount.
144. To increase enrolment and retention in Early Childhood Education, the County is investing in construction of modern and state of the art ECDEs as well as rehabilitation and equipping of the existing ones. In addition, the County Government continues to issue bursaries for vocational training sponsorship to School leavers, dropouts and the youth in general.
145. The County intends to exploit and tap into the Youth talents by ensuring we have adequate sporting facilities within the County for them nurture their talents. Provision of a revolving fund within the county's budget will empower Women, Youth and Persons living with disabilities so as to improve their standards of living and their quality of life.

146. **Land management and affordable Housing Services:** Being the smallest County in land mass within the Country, housing and land management has been prioritized so as to provide a dignified, peaceful and stable coexistence of our citizens through planning, land administration and provision of decent, adequate and affordable housing.
147. The County will continue to work closely with the National Government in Planning and issuance of titles in the medium term and also repossession of all grabbed public land.
148. In this regard, the County will take part in surveying, planning and land mapping to ensure investors and the residents are able to benefit from land as a factor of production.
149. In order to compliment the ‘Big Four’ agenda, the County has commissioned the mega program on Social Housing Units which entails Construction of 3,000 social housing units within the County owned dilapidated Estates.

2.6: County Economic and Fiscal Overview

150. The FY 2022/23 budget and the Medium Term Budget Framework builds on the Governments effort to support economic recovery and mitigate against the adverse effects of the COVID-19 pandemic. This will be done by prioritizing implementation of programs outlined in the County Integrated Development Plan 2018-2022, the Annual Development Plan for the respective year, the Third Medium Term Plan III (MTP III) of the vision 2030, the Covid -19 Socio Economic Recovery Strategy and the “Big Four” Agenda.
151. Mombasa County faces a unique distributional challenge in real GCP per capita due to dynamics in real economic activities as well as evolution of population size including internal migration and floating population coupled with the fact that it is deemed entirely an urban county with bare minimal agricultural activities which ultimately has an implication on public service delivery, including a rise in expenditure to deliver essential services.
152. The Government will also continue with the fiscal consolidation plan by containing expenditures and mobilization of revenues. In this regard, Departments will be encouraged to adopt efficiency in allocation of resources through cost budgeting and reviewing the portfolio of externally funded projects to restructure and re-align with the Government priority programmes and reduce non-priority spending. Consequently, growth is projected to bounce back to 6.4 percent in 2021

from the projected 0.6 percent in 2020. The stable macroeconomic environment, turn around in trade as economies recover from Covid-19 Pandemic and expected favorable weather that will support agricultural output will support this growth outlook.

153. In terms of the development agenda in the 2020/21 FY, most of the projects could not be undertaken due to the cash crunch thus have been reprioritized in the current, this FY and beyond.
154. On the development front in infrastructure, the movement of goods and people around the country have been subsidized due to the expansion of most roads, seaports and airports. On the Standard Gauge Railway (SGR), the Government completed the construction of Phase 1 (Mombasa - Nairobi) in 2017. The railway has significantly reduced transportation costs and eased the movement of people and goods from Nairobi to Mombasa, there has also been reduction in traffic congestion to and from the port area although unfortunately there has been some negative implications due to loss of livelihoods for most residents, transporters, clearing and forwarding agencies and container freight services who have had to close or relocate their businesses.
155. The county continues to heavily invest in public and onsite infrastructure through expansion of roads, rehabilitation of non-motorized transport (NMTs), unclogging and laying out of major sewer lines, installation and maintenance of street lights and high mast lights and opening up of access roads so as to ease the movement of goods and people within the county.
156. The County is continuously investing in setting up and rehabilitating trading centers and markets, revamping and equipping the ccess barriers with the ultimate collective objective of creating an enabling environment conducive for a 24-hour economy.
157. The youth in the County constitutes almost a half of the population and to address their myriad of issues and the persistent perennial problem of unemployment, the County has initiated a youth economic and empowerment revolving fund in addition to rehabilitating social halls and playing fields to pave way for talent tapping. Furthermore, the County has deliberately injected funds for talents development and skills upgrading through bursaries.
158. Blue economy being an avenue that has been recognized internationally as a sector that can not only alleviate hunger but improve the standards of living of the citizens, in this regard the County Government is in the forefront to harness and exploit its resources through purchasing of deep-sea fishing vessels and equipment so as to significantly expand fishing and improve productivity.

159. The County Government targets to significantly expand fishing to 18,000 metric tonnes of fish annually from the current 2,500 metric tonnes. To facilitate the development of the blue economy, the Government has strengthened enforcement measures to curb illegal fishing activities along Kenya's Indian Ocean territory by commissioning and operationalization of the Kenyan Coast Guards, suspending of the fishing licenses of all international trawlers operating in Kenya's territorial waters until they comply with the local input requirement; continuous clean-up of the ocean; and advocating for enhanced processing before export to improve value of fish and marine products and removal of structural bottlenecks in the sector.
160. The County Government has plans for; Establishment of Model Farms, Construction of Mari culture Farms, continuous procurement of fishing gears and boat accessories, Create an integrated value addition Centre with both agriculture and fisheries components, Construction of a 110-tonne capacity cold storage as well as Branding of the OOI products.
161. The County Government's process of the total rehabilitation of the CBD and all public beaches which will give the tourism sector a major boost and see Mombasa reclaiming its glory as a major tourism destination both locally and internationally has been on course.
162. As we continue to revamp and expand the economic activities within the county so as to create employment and self-sustainability for the citizens the county has already embarked on the process of rehabilitating and construction of markets and trading areas within the County.
163. In addition to the above measures, the County Government will continue to complement the development of industrial infrastructure by setting aside a catalyst fund to support the promulgation of the mega Vision 2030 projects such as the Export Processing Zones (EPZs), Special Economic Zones (SEZs) and industrial parks within the county and more specifically the establishment of the Dongo Kundu SEZs.

2.5: Fiscal Performance and Emerging Challenges

164. The Mombasa County Assembly approved the Budget 2021/2022 with expenditure amounting to Ksh. 14,500,000,000, comprising of recurrent expenditure of Ksh. 9,317,499,950, and development expenditure of Ksh. 5,182,500,050. This budget is to be financed by Ksh. 4,966,330,107, from local revenue sources and total exchequer issues of Ksh. 9,533,669,893, including Ksh. 7,567,354,061, from national equitable share, and the highly contested conditional grants of; Ksh. 388,439,306, conditional Grant for Level Five Hospital, Ksh.

18,129,227, Transforming Health Systems for Universal Care Project (World Bank-IDA), Ksh. 15,637,875, DANIDA grant, Ksh. 23,385,934, CA-User Fees Forgone, CA-Fuel levy fund Grant Ksh. 221,681,742, Conditional Allocation for Rehabilitation of Youth Polytechnics Ksh. 18,906,170, Agriculture Sector Development Support Program II, Ksh. 23,499,950, Kenya Devolution Support Program Ksh. 156,635,628, Kenya Informal Settlement Improvement Project (KISIP), Ksh. 300,000,000 and World Bank Development Project of Ksh. 800,000,000.

165. Fiscal outcome for the first quarter of the financial year was at 14 percent which was attributed majorly by the non-disbursement of the conditional grants due to litigations which has contributed to shortfall of revenue amid rising expenditure pressures. Expenditure pressures relate to the rising wage bill resulting from personnel emoluments and unplanned expenditure related to the Covid – 19 pandemic. Currently the wage bill is amounting to Ksh. 5.3 billion which is 37 percent of the budget taking up a substantial amount of the county revenue. The county has put in place austerity measures to ensure that the wage bill is sustainable by halting recruitment and promotions of staff as the bloating wage bill poses a big risk to the stability of the budget for 2021/2022 and in the mid-term if the situation is not contained.

166. Unrealized local revenues, inadequate equitable share due to unfavorable formula parameters, delayed exchequer releases, and tedious procurement bureaucracies continues to hamper budget implementation.

Budget Out-turn, July – September 2021

167. In the current financial as at 30th September 2021 the actual revenue collection attained in the quarter of the FY was Ksh 2,022,435,936 which is 14.0 % of the total estimated budget of Ksh 14,500,000,000. The National Government transfers was Ksh 1,248,613,420 and local revenue of Ksh 773,822,516. The expenditure for the said period amounted to Ksh 1,159,775,802.

Table 3: Analysis of Local Revenue realized within five financial years

MONTH	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
JULY	78,327,409	128,948,779	91,417,758	110,950,638	133,177,640
AUGUST	138,978,980	79,974,633	131,852,605	164,898,523	180,063,924
SEPTEMBER	134,037,320	98,958,707	75,372,653	261,239,934	207,752,314
OCTOBER	160,474,776	91,999,794	195,706,353	246,980,210	200,978,869
NOVEMBER	183,999,072	90,326,887	147,841,146	208,062,247	195,076,359
DECEMBER	151,828,812	88,025,962	363,008,810	228,135,477	162,790,308
JANUARY	321,392,757	218,656,932	437,327,591	286,662,913	441,650,127
FEBRUARY	303,286,028	202,052,628	423,072,353	421,502,866	415,598,494
MARCH	469,422,317	677,958,599	745,066,240	634,772,214	541,582,202
APRIL	365,071,728	677,126,092	472,840,320	203,268,450	280,251,148
MAY	328,912,588	254,091,979	208,729,502	161,450,270	211,868,868
JUNE	530,509,174	551,010,104	412,062,041	332,130,650	343,741,925
TOTAL	3,166,240,961	3,168,013,709	3,704,297,372	3,260,008,335	3,314,532,178

Source: County Treasury

Figure 5: Local Revenue Trend Analysis from Year 2016/2017 to 2020/2021

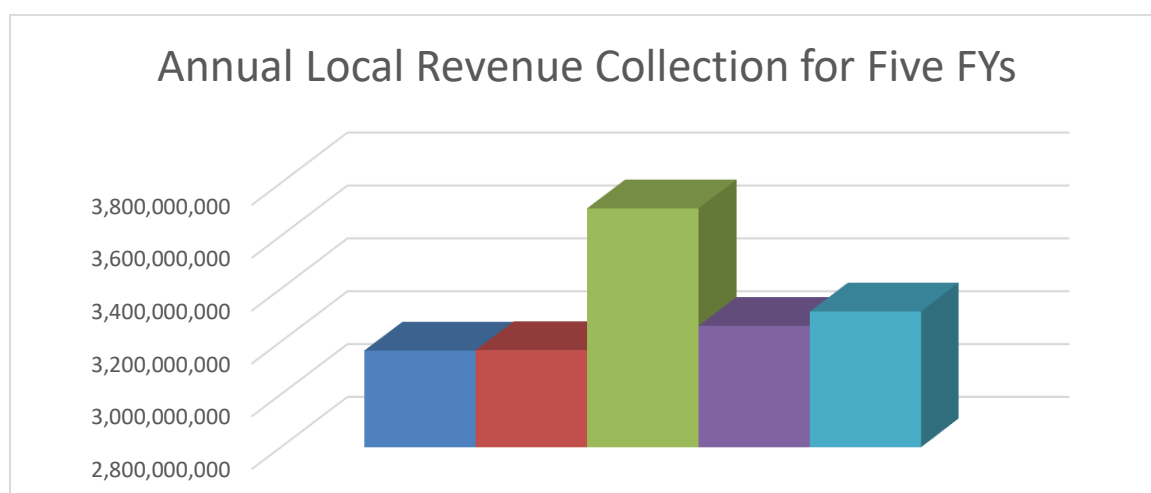


Table 4: Actual Monthly Exchequer Issues Over Five Financial Year

	KSHS.	KSHS.	KSHS.	KSHS.	
MONTH	EXCHEQUER ISSUES 2016-2017	EXCHEQUER ISSUES 2017-2018	EXCHEQUER ISSUES 2018-2019	EXCHEQUER ISSUES 2019-2020	EXCHEQUER ISSUES 2020-2021
JULY	0	597,970,752	0	0	0
AUGUST	1,037,748,641	0	430,761,965	0	0
SEPTEMBER	501,676,603	473,286,618	587,699,500	1,228,083,300	0
OCTOBER	518,083,015	0	741,181,901	632,224,439	1,164,561,750
NOVEMBER	558,883,251	996,790,289	875,741,969	0	828,146,904
DECEMBER	501,676,603	843,101,778	822,680,000	824,676,155	574,671,000
JANUARY	478,282,890	866,001,087	944,297,016	949,232,625	798,466,182
FEBRUARY	15,105,000	683,706,112	794,895,339	1,592,730,838	628,955,904
MARCH	577,456,833	712,190,289	0	564,636,000	599,925,750
APRIL	525,787,311	78,786,439	1,515,161,166	40,134,590	599,925,750
MAY	1,111,343,905	824,219,384	54,151,120	741,084,750	574,844,314
JUNE	538,706,387	2,786,366,845	2,449,218,601	1,517,641,228	2,293,217,209
TOTAL	6,364,750,439	8,862,419,593	9,215,788,577	8,090,443,924	8,062,714,763

Figure 6: Monthly Exchequer Issues Over Five Financial Years

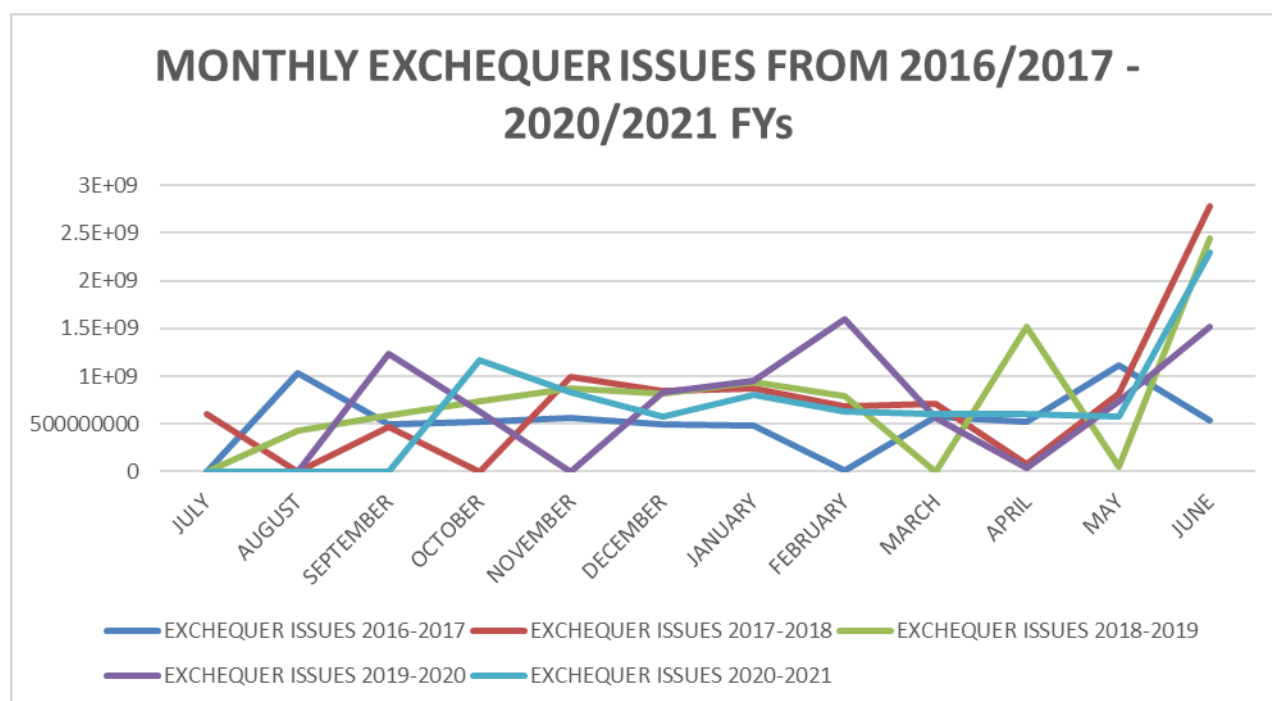
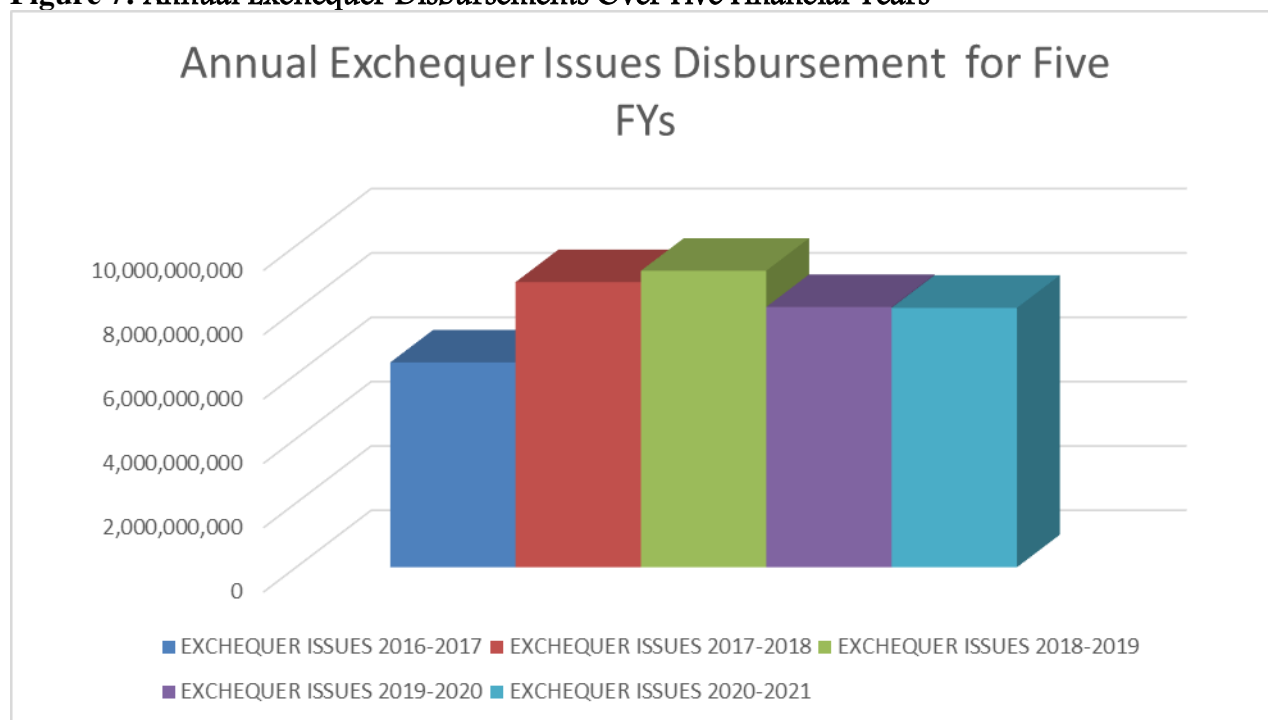


Figure 7: Annual Exchequer Disbursements Over Five Financial Years



Source: Table 4

Table 5: Summary of Exchequer Issues Revenue Analysis FY-2020/2021

Revenue Item	Annual Budgeted	Total Receipt	Percentage
Equitable share GRANTS	7,057,950,000	7,057,950,000	100
CA-Fuel levy fund	221,681,742	218,916,458	99
Agriculture Sector Support Program II	12,749,975	10,250,771	80
Conditional Allocation for Rehabilitation of Youth Polytechnics	18,484,894	18,484,894	100
CA-User Fees Forgone	23,385,934	23,385,934	100
Level 5 H	388,439,306	388,439,308	100
DANIDA	20,070,000	20,070,000	100
IDA(WB)-KSDP LEVEL 1	45,000,000	45,000,000	100
Transforming Health Systems for Universal Care Project (World Bank-IDA)	114,569,473	51,996,243	45
Water & Sanitation Development Program – World Bank Fund	1,100,000,000	228,221,154	21
Total Grants	1,944,381,324	1,004,764,762	52
Total Exchequer Issues	9,002,331,324	8,062,714,762	90

2.5: Development and Recurrent Expenditures

168. Total expenditure for the first quarter of the FY 2021/22 amounted to Ksh 1,159,775,802 which was an 8 percent of the total budget and an increase in expenditure compared to the same period in the last financial year 2020/21 which was Ksh 527,993,807.

169. Recurrent expenditure amounted to Ksh 519,352,787 which comprises of Ksh 509,485,690 for compensation of employees, Ksh 9,867,097 on use of goods and services and Ksh 54,000,000 as transfers to other Government Entities.

170. Development expenditure for the first quarter of the current financial year amounted to Ksh 586,423,015. The underperformance in development expenditure was due to lack of disbursement of funds to undertake the same.

Table 6: Overview of the County's Receipts and Expenditures Performance as at 30th September 2021

	September 2021 (Q1) Kshs	Cumulative Amount (Kshs)
RECEIPTS		
Exchequer releases	1,248,613,420	1,248,613,420
County Own Generated Receipts	773,822,516	773,822,516
TOTAL RECEIPTS	2,022,435,936	2,022,435,936
PAYMENTS		
Compensation of Employees	509,485,690	509,485,690
Use of goods and services	9,867,097	9,867,097
Transfers to Other Government Units	54,000,000	54,000,000
Other grants and transfers	0	0
Other Payments	586,423,015	586,423,015
TOTAL PAYMENTS	1,159,775,802	1,159,775,802
SURPLUS/DEFICIT	862,660,134	862,660,134

Source: County Treasury

Table 7: First Quarter Expenditure Analysis FY 2021/2022

- COMPENSATION OF EMPLOYEES**

Period ended September 2021	
Item	Kshs
Basic salaries of permanent employees	308,709,101
Basic wages of temporary employees	4,004,814
Personal allowances paid as part of salary	180,711,943
Pension and other social security contributions	16,059,831
Total	509,485,690

- **USE OF GOODS AND SERVICES**

Period ended September 2021	
	Kshs
Domestic travel and subsistence	1,235,990
Hospitality supplies and services	7,800,000
Insurance costs	831,107
Total	9,867,097

- **TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	Period ended Sep 2021 (Kshs)
Transfers to County Government entities	
Mombasa County Assembly	54,000,000
TOTAL	54,000,000

- **OTHER PAYMENTS**

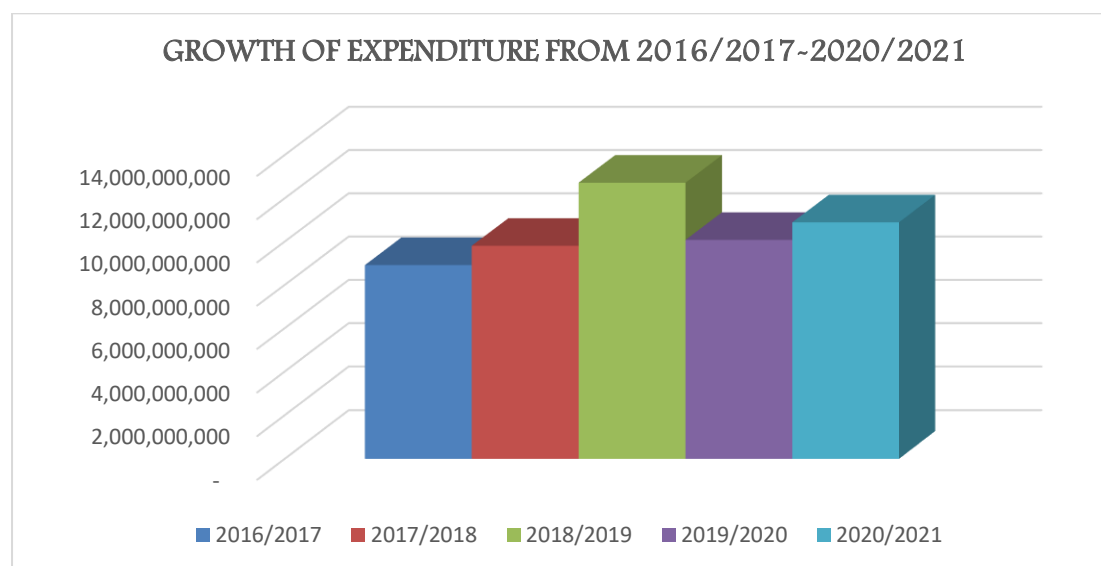
Description	Period ended Sep 2021 (Kshs)
Other expenses (Creditors Budget)	15,980,900
Coast General Expenditure	570,442,115
Total	586,423,015

Table 8: Growth of Executive Expenditure from 2016/2017-2020/2021

GROWTH OF EXPENDITURE FROM 2016/2017-2020/2021						
S NO.	DEPARTMENTS	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
3011	County Executive	289,680,017	305,472,424	367,868,652	170,907,637	134,579,861
3013	Public Service Board	47,783,171	69,337,345	82,182,927	42,223,122	57,481,487
3014	Finance & Economic Planning	2,276,991,615	2,270,755,715	2,724,996,907	1,929,435,855	1,674,353,623
3015	Environment, Waste Management and Energy	70,677,866	504,702,480	737,985,956	507,605,972	581,863,283
3016	Education & Information Technology	1,033,070,417	469,161,316	452,661,776	429,302,668	553,209,274
3017	Health Services	2,532,325,353	2,500,178,693	3,242,469,680	3,261,210,911	3,166,401,627
3018	Water, Sanitation & Natural Resources	73,447,595	95,072,297	68,635,562	282,665,964	333,232,081
3019	Youth, Gender, Sports & Cultural Affairs	369,715,814	323,768,818	280,429,106	181,268,380	454,099,872
3020	Trade, Tourism & Investment	186,241,760	212,092,539	486,693,687	286,680,390	450,113,691
3021	Lands, Housing & Physical Planning	185,971,683	276,249,787	311,766,515	214,961,915	487,982,311
3022	Transport, Infrastructure & Public Works	1,731,846,854	1,871,526,082	2,017,723,065	1,239,171,000	1,121,356,757
3023	Agriculture, Fisheries, Livestock & Cooperatives	116,645,971	194,126,312	325,189,634	141,925,916	175,574,698
3026	Devolution & Public Service Administration	0	712,108,321	1,621,225,848	1,389,053,177	1,107,593,596
	Total	8,914,398,116	9,804,552,129	12,719,829,315	10,076,412,906	10,889,466,230

Source: County Treasury

Figure 8: Growth of Expenditure from 2016/17-2020/21



2.6: Sustaining Inclusive Growth

171. The County will enhance mobilization of resources and provide a conducive environment for businesses to thrive, sustaining inclusive growth by continuously improving transparency, responsiveness, accountability, efficiency and effective systems and controls.
172. In addition, the County Government will continue to provide leadership and coordination in county development planning, policy formulation and management, designing effective, efficient and secure systems of collecting revenue, to prudently mobilize and manage resources while ensuring compliance with policies, standards, procedures and applicable financial and procurement laws and regulations. These will be complimented by measures to address socio-economic inequities and improving the county's human capital.
173. To ensure planned and sustainable growth the County Government will nexus to synergize its efforts in implementing the socio-economic priority programmes as articulated in the County's Integrated Development Plan 2018-2022, the Economic Re-engineering Recovery Strategy and all other policy plans.

2.7: Response to Overview of the County's Performance for FY 2022/2023

The following strategies will continue to be implemented to increase the revenue for the County in order to ensure that the planned budget is realized.

174. **Enforcement of the Finance Acts and Regulations:** The County Government will ensure that fees and charges are collected in accordance to the Finance Act 2021.
175. **Expanding the Revenue base:** So as to increase the revenue base the County shall identify the unexploited revenue streams as mandated in the Public Finance Management Act.
176. **Upgrading of the automated revenue collection system:** The County will continuously upgrade the revenue collection systems so as to be at par with the current environment dynamics.
177. **Business processes reengineering:** To ensure an effective and efficient revenue collection, the County Government shall embark on a vigorous exercise of fine tuning all the revenue collection processes.
178. **Decentralization of revenue collection at the sub counties and ward levels:** This will ensure that there is maximum revenue collection realized from all corners. Plugging the revenue leakages by training the collectors and ensuring that all the revenue collected are deposited to the nearest commercial bank before the closure of

the business. The revenue collectors will also be frequently rotated to new stations to avoid familiarity.

179. **Adequate supervision and enforcement of revenue** collection points to enhance accountability and seal corruption loopholes.

CHAPTER THREE

3.0: FISCAL POLICY AND BUDGET FRAMEWORK

3.1: Overview

180. The Mombasa County 2022 Medium-Term Fiscal Framework aims at stimulating the economic growth and development, reducing vulnerabilities, operating a balanced budget, ensuring effective delivery of services and supporting sustainable economic growth in the County. This policy underscores the need to prioritize crucial Recurrent Expenditure and undertake high impact Capital Expenditure in order to enhance economic growth. The 2022/23 Fiscal Strategy Paper highlights the following:

- The county shall enhance its revenue base with a view to ensuring we increase own source revenue collection and achieve greater efficiency in terms of cost savings from non-crucial expenditure to ensure priority is given to the set priorities.
- Maintaining a lean workforce will assist in controlling the wage bill. This will create fiscal space for spending on the key county priorities especially in the social sectors and other development programmes. This will further provide adequate room for future countercyclical fiscal policy in the event of a shock.
- Fiscal consolidation while ensuring that county resources are adequate to promote growth. The County Government is committed to a reduction in the recurrent expenditure to devote more resources to development. At least thirty percent of the total county revenue shall be used in the implementation of development projects.
- The county will continuously exploit the public private partnerships, with potential local and foreign investors as well as other development partners to aid in the county's development.

3.1.1: Fiscal Policy Framework

181. Fiscal policy will support the County development economic activities while providing a platform for the implementation of the CIDP 2018-2022 and all other policy documents within a context of sustainable public financing. In the medium term, the County Government has reoriented expenditure towards priority programmes in Health, Youth, Gender and Sports, Education, Transport, Water, Infrastructure and Lands under the medium-term expenditure framework (MTEF). This process will be strengthened in the FY 2022/23 by encouraging aggressive private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.

182. The county will continue reorienting expenditure towards those priority programmes 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 30%.

Table 9: Projected FY 2022/2022 Revenues and Expenditure

REVENUE/EXPENDITURE PROJECTIONS	2022/2023 (KSHS.)
National Government Equitable Share	7,567,354,061
Conditional Grants	1,932,645,939
Total Exchequer Issues	9,500,000,000
County Local Sources	4,700,000,000
Total Revenue	14,200,000,000
Expenditure	
Personnel	5,676,589,494
Operations Repair and Maintenance	3,823,410,506
Capital Expenditure	4,700,000,000
Total Expenditure	14,200,000,000
Surplus/ (Deficit)	0

Table 10: County Government Fiscal projections 2020/21 - 2022/23 (In Millions Ksh)

Item	Actual 2020/2021	Budgeted 2021/2022	Projected 2022/2023
Revenue/Grants			
National Government – Equitable Share	7,057,950,000	7,567,354,061	7,567,354,061
Conditional allocation – Level 5 Hospital	388,439,308	388,439,306	-
Transforming Health Systems for Universal Care Project (World Bank-IDA)	51,996,243	18,129,227	-
DANIDA – Health care support services	20,070,000	15,637,875	-
Conditional Grant-compensation For User Fees Forgone	23,385,934	23,385,934	-
Conditional Grant-Road Maintenance Fuel Levy	218,916,458	221,681,742	-
World Bank - Kenya Informal Settlement Improvement Project (KISIP)	-	300,000,000	
Kenya Devolution Support Program	45,000,000	156,635,628	-
Agriculture Sector Development Support Program II	10,250,771	23,499,950	-
Conditional Allocation for development of Youth Polytechnics	18,484,894	18,906,170	-
World Bank Development Project - WSDP	228,221,154	800,000,000	-
Total Loans and Grants	1,004,764,762	1,966,315,832	1,932,645,939
Total exchequer issues	8,062,714,762	9,533,669,893	9,500,000,000
Local revenue	3,314,532,178	4,966,330,107	4,700,000,000
Total Revenue	11,377,246,941	14,500,000,000	14,200,000,000
Expenditure			
Personnel Emolument	4,491,711,935	5,339,555,958	5,676,589,494
Operations and Maintenance	4,215,889,108	3,977,943,992	3,823,410,506
Total Recurrent	8,707,601,043	9,257,499,950	9,500,000,000
Development	2,181,865,186	5,182,500,050	4,700,000,000
Total Expenditure	10,889,466,230	14,500,000,000	14,200,000,000

Source: County Treasury

Figure 9: County Government Fiscal projections 2020/21- 2022/23 (In Millions of Shillings)

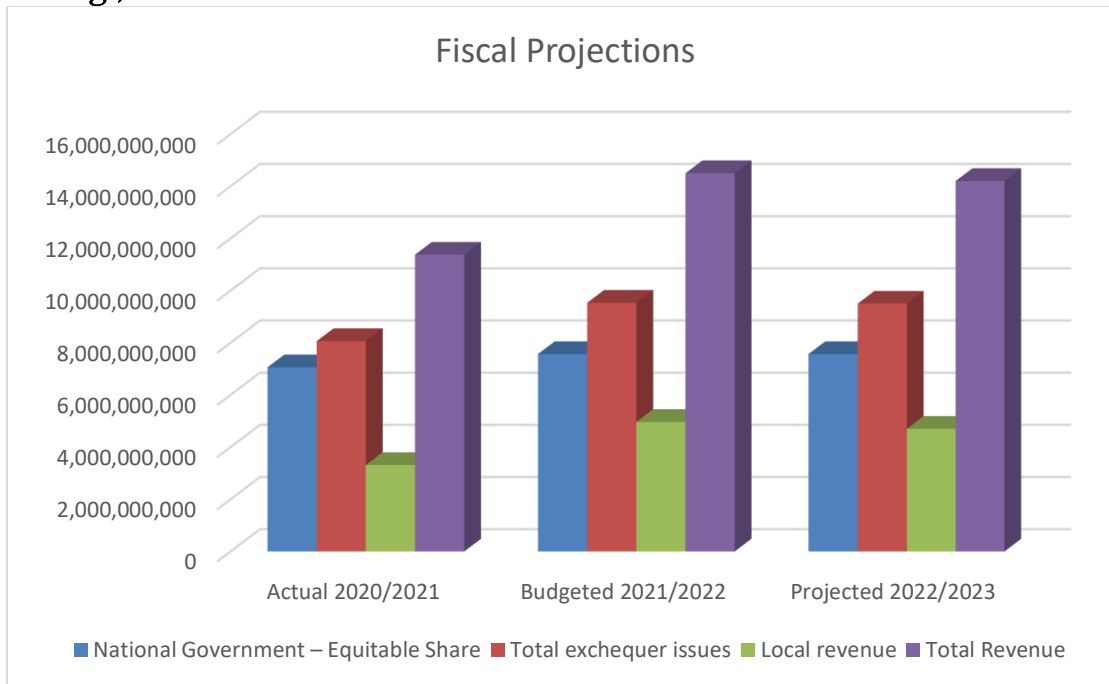
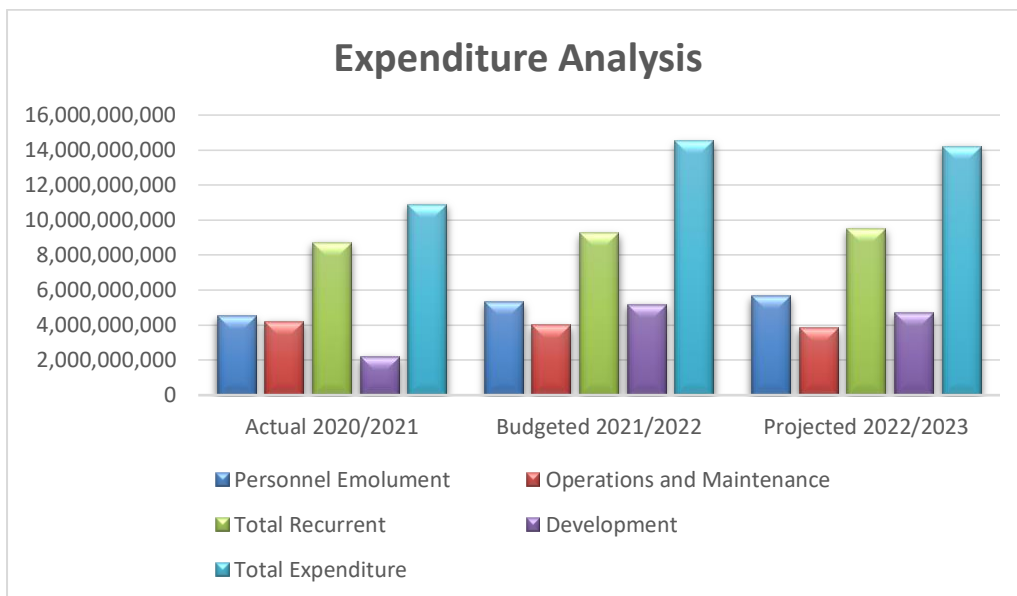


Figure 10: Revenue Expenditure 2020/21- 2022/23 (In Millions of Shillings)



Source: County Treasury

3.1.2: Fiscal Responsibility Principles

183. The County Government recognizes that the fiscal stance it takes today will have implications into the future. The principle of sharing the burdens and benefits of resources between the present and future generation implies that we have to make prudent policy decisions today so that we can build a strong foundation for our future generations. The County Government will ensure strict adherence to Section 107 of the Public Finance Management (PFM) Act of 2012 which outlines the fiscal responsibility principles.
184. In compliance with Fiscal responsibility principles, the County Government will progressively provide for a minimum basic standard of economic and social rights to its citizens within available resources.
185. To ensure economic sustainability, increase in government spending will be matched with a corresponding increase in tax revenue yield through efficient collection, widening of revenue bases, and reasonable fees and charges. It is therefore imperative to reform and modernize the fees and charges 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 the priority expenditures on sustainable basis.

3.1.3: Fiscal Structural Reforms

186. Underpinning the fiscal program are measures to increase the proportion of local revenue with the objective of fully financing the County's budget in the long term.
187. For effective and efficient management of financial resources, the County will continue to eliminate leakages and enhance revenue collection as well as rationalize expenditure. This will be achieved through continued measures to simplify licenses and fees levies, improve compliance and automation of revenue collection system in order to eliminate leakages and to widen revenue base.
188. On the expenditure side, the County Government will continue to enhance prudent financial management; to improve efficiency and reduce wastage in accordance to section 107 of the PFM Act of 2012.
189. The County Government continues to institute measures to contain the bloated wage bill so as to divert resources for development initiatives. These include freezing of recruitments, continued payroll cleansing and staff rationalization.

190. The County Government will also enhance capacity of the County Government staff so as to encourage proper and transparent use of resources and enhance service delivery.

3.2: Mombasa County 2022/2023 Budget Framework

191. Prioritization of resource allocation is based on the ADP 2021 which spells out programmes to achieve County priorities identified during the County-wide budget consultative meetings. The County Government will promote budget transparency, accountability and effective financial management of resources based on clearly set priorities to ensure that budgets are directly linked to plans.

3.2.1: Revenue Projections

192. The Mombasa County 2022/2023 financial year budget targets total revenue amounting to 14.2 billion; Total exchequer issues of Ksh 9.5 billion; including equitable share of Ksh 7.5 billion, Conditional grants Ksh 2.0 billion and county own source revenue of Ksh 4.7 billion. This performance will be underpinned by the on-going reforms in revenue administration. The revenue department will institute measures to expand the revenue base and curb revenue leakages.

3.2.2: Expenditure Forecasts

193. The County Government's expenditure for the FY 2022/23 is guided by the Annual Development Plan (2020) which outlines the proposed projects that will be implemented in the FY 2022/2023 in the final stretch of the realization of the CIDP 2018-2022. The total government expenditure is projected to be Ksh.14.2 Billion.

3.2.3: Recurrent Expenditure

194. In the 2022/23 financial year the total recurrent expenditure is estimated to be Ksh. 9.5 Billion compared to FY 2021/22 at Ksh. 9.3 Billion. This is attributed to an increase in personnel emoluments which has been on an upward trend. The recurrent expenditure ceilings for County departments are determined by the funding allocation for goods and services in the previous year budget as the baseline.

3.2.4: Development Expenditure

195. The County Government endeavors to allocate adequate resources towards development outlays to spur and implement priority programs/projects as outlined in this strategy paper. The County development expenditure for financial year 2022/23 is projected at Ksh 4.7 Billion.

3.2.5: Fiscal Balance

196. The county government will adopt a balanced budget for FY 2022/23. Any forthcoming deficit the county government will take prudent measures to reduce appropriations or increase revenues with minimal effects on public service delivery.

197. In the short term the County will thrive to stick its expenditure and commitments based on the actual cash flow. In the medium term, balanced budget will be supported with relevant legislative frameworks by embracing Public Private Partnership (PPP) to enable the County Government implement critical programmes that will accelerate socio-economic development thus providing budget support.

3.2.6: Summary

198. The County fiscal policy 2022, aims at increasing own source revenue as well as prudently managing expenditures. The created fiscal space will avail resources to scale up investments in the county's priority areas of Water, Food Security, Health, waste management, Gender empowerment, Youth and Sports development, Education, infrastructure, Lands and housing services as captured in the CFSP 2022.

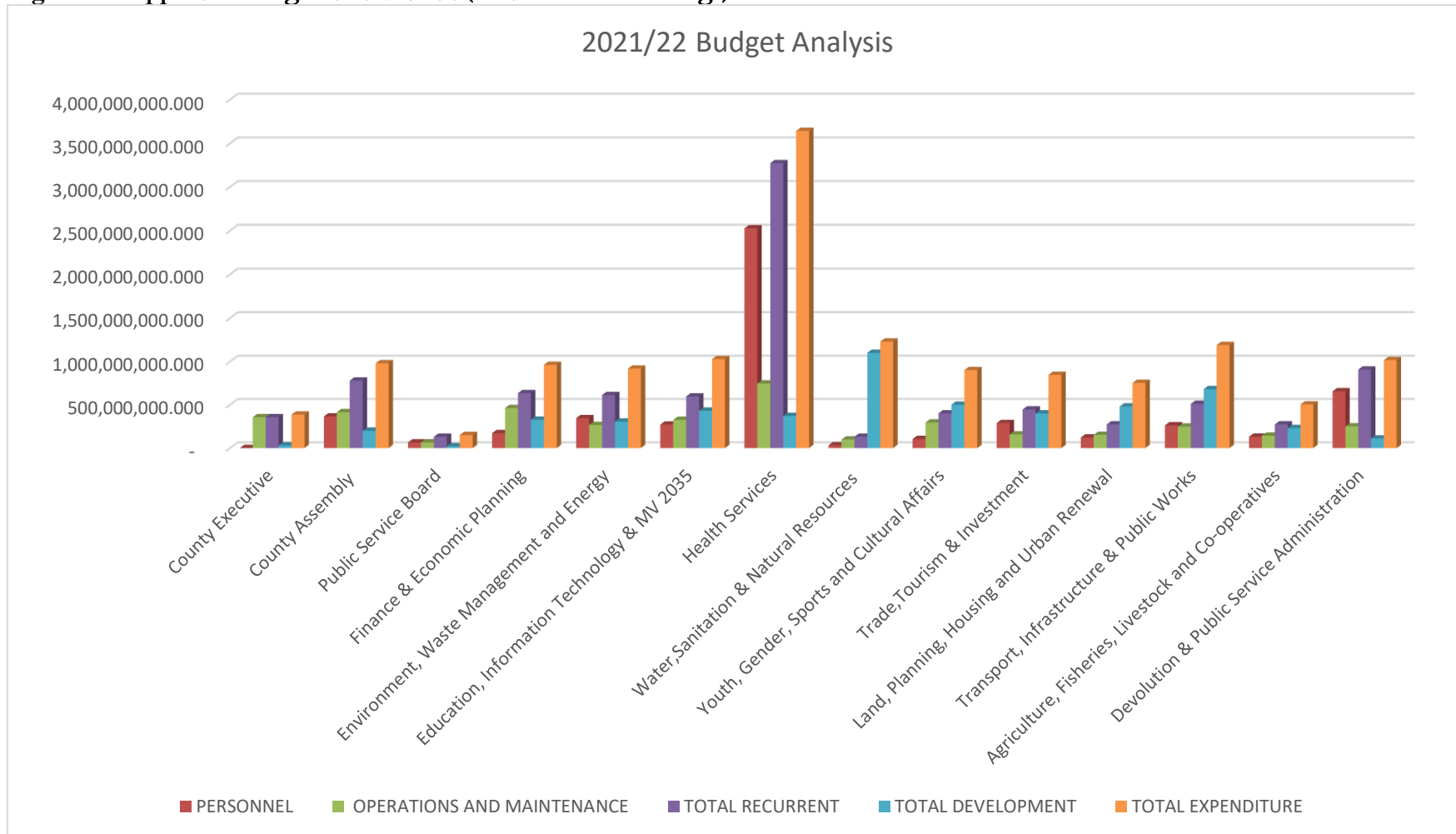
Table 11, below shows the spending composition Per Department resulting from the FY 2021/2022 Budget,

Table 11: Approved Budget 2021/22

BUDGET 2021/2022	CONSOLIDATED REVENUE	PERSONNEL	OPERATIONS & MAINTENANCE	TOTAL RECURRENT	TOTAL DEVELOPMENT	TOTAL EXPENDITURE	%
County Executive		-	356,491,789	356,491,789	30,000,000	386,491,789	2.7
County Assembly		364,754,583	414,499,809	779,254,392	200,000,000	979,254,392	6.8
Public Service Board		64,606,947	65,393,053	130,000,000	20,000,000	150,000,000	1.0
Finance & Economic Planning	14,500,000,000	172,251,157	461,877,393	634,128,550	326,500,050	960,628,600	6.6
Environment, Waste Management and Energy		345,274,748	266,725,252	612,000,000	305,000,000	917,000,000	6.3
Education, Information Technology & MV 2035		271,027,742	324,972,258	596,000,000	431,000,000	1,027,000,000	7.1
Health Services		2,526,383,682	745,404,172	3,271,787,854	370,000,000	3,641,787,854	25.1
Water, Sanitation & Natural Resources		31,682,905	98,317,095	130,000,000	1,100,000,000	1,230,000,000	8.5
Youth, Gender, Sports and Cultural Affairs		104,865,689	295,134,311	400,000,000	500,000,000	900,000,000	6.2
Trade, Tourism & Investment		288,669,719	156,491,056	445,160,775	400,000,000	845,160,775	5.8
Land, Planning, Housing and Urban Renewal		121,133,825	151,866,175	273,000,000	480,000,000	753,000,000	5.2
Transport, Infrastructure & Public Works		262,371,190	247,628,810	510,000,000	680,000,000	1,190,000,000	8.2
Agriculture, Fisheries, Livestock and Co-operatives		130,721,109	142,778,841	273,499,950	230,000,000	503,499,950	3.5
Devolution & Public Service Administration		655,812,661	250,363,979	906,176,640	110,000,000	1,016,176,640	7.0
TOTAL		5,339,555,958	3,977,943,992	9,317,499,950	5,182,500,050	14,500,000,000	100
SURPLUS / (DEFICIT)	0	37	27	64	36		

Source: County Treasury

Figure 11: Approved Budget 2021/2022 (In Millions of Shillings)



Source: County Treasury

CHAPTER FOUR

4.0: MEDIUM TERM EXPENDITURE FRAMEWORK 2022/23-2024/25

BUDGET FOR FY 2022/23 AND THE MEDIUM TERM

4.1: Resource Envelope

199. The FY2022/23 budget and the Medium Term Budget Framework builds on the Government's effort to support economic recovery and mitigate against the adverse effects of the COVID-19 pandemic. This will be done by prioritizing implementation of programs outlined in the Third Medium Term Plan III (MTP III) of the vision 2030, the Mombasa Covid-19 Socio Economic Recovery Strategy and the "Big Four" Agenda.
200. The County Government will continue with the fiscal consolidation plan by containing expenditures and mobilization of revenues. In line with this, the County Departments will be encouraged to prioritize their expenditure and to ensure that they adopt efficiency in allocation of resources through cost budgeting and review the ongoing programs and projects and also ensure that they reduce non-priority spending.
201. The Mombasa County 2022/2023 financial year budget targets total revenue amounting to 14.2 billion; Total exchequer issues of Ksh 9.5 billion; including equitable share of Ksh 7.5 billion, Conditional grants Ksh 2.0 billion and county own source revenue of Ksh 4.7 billion. Locally mobilized revenue will finance about 33 percent of the budget in FY 2022/23.

4.1.1: Spending Priorities

202. The County Government's expenditure for the FY 2022/23 will be guided by the Annual Development Plan (2021) which outlines the proposed projects that will be implemented in the FY 2022/2023 in the final realization of the CIDP 2018-2022. The total government expenditure is projected to be Ksh.14.2 billion.

4.1.2: The Fiscal Strategy FY 2022/23 & the Economic Objectives of the County Government

203. This outlines County Government's spending plans and the manner in which this expenditure will be funded in the FY 2022/2023. The fiscal strategy of the Government is guided by contemporary events which have impacted on the economy, the ADP 2021 and the realities of the FY 2020/2021 actual revenue collections and expenditures as well as the ongoing implementation of the 2021/22

FY budget. In this view, the 2022/2023 fiscal strategy paper has been designed to continue addressing these specific challenges by focusing on the following objectives:

- To improve the efficiency and quality of CAPEX spending by promoting Public Private Partnership;
- To identify and prioritize the implementation of all ongoing projects;
- To place greater focus on critical and on- site infrastructure development as a means of promoting long-term economic growth;
- Continued application of a fiscal stimulus in the medium term to kick-start the economy, which has been greatly affected by the Covid 19 pandemic, taking into consideration the current revenue constraints and its impact on the fiscal deficit;
- Rationalizing the outlay on recurrent expenditure through the identification of cost-saving measures;
- Pegging commitments and expenditure on the actual cash flow;
- Coming up with sustainable personnel policy to address the ballooning wage bill;
- Boosting revenue receipts and identifying and plugging revenue leakages through audits of Revenue- generating units.

Table 12: Projected FY 2022/2023 Revenues and Expenditure

REVENUE/EXPENDITURE PROJECTIONS	2022/2023 (KSHS.)
National Government Equitable Share	7,567,354,061
Conditional Grants	1,932,645,939
Total Exchequer Issues	9,500,000,000
County Local Sources	4,700,000,000
Total Revenue	14,200,000,000
Expenditure	
Personnel	5,676,589,494
Operations Repair and Maintenance	3,823,410,506
Capital Expenditure	4,700,000,000
Total Expenditure	14,200,000,000
Surplus/ (Deficit)	0

Table 13: Revenues and Expenditure Analysis

REVENUE/EXPENDITURE PROJECTIONS	ACTUAL 2020/2021 (KSHS.)	BUDGETED 2021/2022 (KSHS.)	PROJECTED 2022/2023(KSHS.)
Revenues			
National Government Equitable Share	7,057,950,000	7,567,354,061	7,567,354,061
Conditional Grants	1,004,764,763	1,966,315,832	1,932,645,939*
Total Exchequer Issues	8,062,714,763	9,533,669,893	9,500,000,000
County Local Sources	3,314,532,178	4,966,330,107	4,700,000,000
Total Revenue	11,377,246,941	14,500,000,000	14,200,000,000
Expenditures			
Personnel	4,464,815,316	5,339,555,958	5,676,589,494
Operations Repair and Maintenance	4,242,785,727	3,977,943,992	3,823,410,506
Capital Expenditure	2,181,865,186	5,182,500,050	4,700,000,000
Total Expenditure	10,889,466,230	14,500,000,000	14,200,000,000
Surplus/(Deficit)	0	0	0

Source: County Treasury

Table 14: FY 2022/2023 DEPARTMENTAL CEILINGS

SUMMARY OF REVENUE AND EXPENDITURE							
	CONSOLIDATED REVENUE	PERSONNEL	OPERATIONS & MAINTENANCE	TOTAL RECURRENT	TOTAL DEVELOPMENT	TOTAL EXPENDITURE	%
County Executive		-	360,000,000	360,000,000	25,000,000	385,000,000	2.7
County Assembly		375,697,221	283,302,779	659,000,000	30,000,000	689,000,000	4.9
Public Service Board		66,545,155	63,454,845	130,000,000	20,000,000	150,000,000	1.1
Finance & Economic Planning	14,200,000,000	177,418,692	732,581,308	910,000,000	350,000,000	1,260,000,000	8.9
Environment, Waste Management and Energy		355,632,991	259,367,009	615,000,000	305,000,000	920,000,000	6.5
Education & Information Technology		279,158,574	366,841,426	646,000,000	300,000,000	946,000,000	6.7
Health Services		2,779,022,050	620,977,950	3,400,000,000	320,000,000	3,720,000,000	26.2
Water, Sanitation & Natural Resources		32,633,392	97,366,608	130,000,000	1,200,000,000	1,330,000,000	9.4
Youth, Gender, Sports and Cultural Affairs		108,011,660	191,988,340	300,000,000	500,000,000	800,000,000	5.6
Trade, Tourism & Investment		297,329,811	52,670,189	350,000,000	380,000,000	730,000,000	5.1
Land, Planning, Housing and Urban Renewal		124,767,840	145,232,160	270,000,000	180,000,000	450,000,000	3.2
Transport, Infrastructure & Public Works		270,242,326	289,757,674	560,000,000	750,000,000	1,310,000,000	9.2
Agriculture, Fisheries, Livestock and Co-operatives		134,642,742	115,357,258	250,000,000	250,000,000	500,000,000	3.5
Devolution & Public Service Administration		675,487,041	244,512,959	920,000,000	90,000,000	1,010,000,000	7.1
TOTAL		5,676,589,494	3,823,410,506	9,500,000,000	4,700,000,000	14,200,000,000	100
SURPLUS / (DEFICIT)	-	40	27	67	33		
Expenditure							
Personnel	5,676,589,494						
Operations Repair and Maintenance	3,823,410,506						
Total Recurrent	9,500,000,000						
Capital Expenditure	4,700,000,000						
Total Expenditure	14,200,000,000						

4.1.3: Baseline ceilings

204. The baseline estimates reflect the current spending levels in sector programmes. In the recurrent expenditure category, non-discretionary expenditures take first charge and includes payment of statutory obligations such as interest payments, compensation of employees covering all county staff, staff medical scheme and gratuity.
205. Development expenditures are shared out on the basis of the County Annual Development Plan 2021, priorities as outlined in the CFSP as well as other strategic interventions geared towards sustainable economic growth. The following guidelines are used:
206. **On-going projects:** emphasis is given to completion of on-going projects and in particular infrastructure projects and other projects with high impact on poverty reduction and equity, employment and wealth creation especially in the social sectors.
207. **Strategic policy interventions:** priority is also given to policy interventions covering the entire county, social equity and environmental conservation.

4.1.4: Finalization of spending plans

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

Table 15: Priority Areas of Consideration for Additional Resources

	Priority Areas of Consideration for Additional Resources
1.	Intervention identified during the county stakeholder's consultation for 2022/23 MTEF through Memos.
2.	Strategic interventions with emphasis in provision of safe potable water, quality health services, modernized education institutions, improved infrastructure, sanitation and waste management, social protection as well as youth and gender empowerment as well as policy interventions covering the entire county to enhance social equity.
3.	Specific consideration to job creation for the youth based on sound initiatives identified within and outside the normal budget preparation as well as disability and gender mainstreaming.
4.	Completion of ongoing programs and projects.

Table 16: Summary of Recurrent Expenditure Medium Term Costs and Ceiling: 2020/21- 2024/25

DEPARTMENTS	Actual Expenditure 2020/2021	Budgeted 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025
RECURRENT	A	B	C	D	E
County Executive	134,579,861	356,491,789	360,000,000	369,000,000	375,273,000
County Assembly	591,624,069	779,254,392	659,000,000	675,475,000	686,958,075
Public Service Board	55,517,935	130,000,000	130,000,000	133,250,000	135,515,250
Finance & Economic Planning	1,207,271,537	634,128,550	910,000,000	777,750,000	748,606,750
Environment, Solid Waste Management and Energy	516,035,050	612,000,000	615,000,000	630,375,000	641,091,375
Education & Information Technology	460,923,816	596,000,000	646,000,000	662,150,000	673,406,550
Health Services	2,817,451,165	3,271,787,854	3,400,000,000	3,485,000,000	3,544,245,000
Water, Sanitation & Natural Resources	75,010,927	130,000,000	130,000,000	133,250,000	135,515,250
Youth, Gender, Sports and Cultural Affairs	168,489,055	400,000,000	300,000,000	307,500,000	312,727,500
Trade, Tourism & Investment	378,144,656	445,160,775	350,000,000	358,750,000	364,848,750
Lands, Housing and Physical Planning	312,130,306	273,000,000	270,000,000	276,750,000	281,454,750
Transport, Infrastructure & Public Works	426,884,567	510,000,000	560,000,000	574,000,000	583,758,000
Agriculture, Fisheries, Livestock and Co-operatives	156,282,564	273,499,950	250,000,000	256,250,000	260,606,250
Devolution & Public Service Administration	1,407,255,536	906,176,640	920,000,000	943,000,000	959,031,000
TOTAL	8,707,601,043	9,317,499,950	9,500,000,000	9,582,500,000	9,703,037,500
	Actual Expenditure 2020/2021	Budgeted 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025
DEVELOPMENT	A	B	C	D	E
County Executive	-	30,000,000	25,000,000	25,625,000	26,060,625
County Assembly	-	200,000,000	30,000,000	30,750,000	31,272,750
Public Service Board	1,963,552	20,000,000	20,000,000	20,500,000	20,848,500
Finance & Economic Planning	407,082,086	326,500,050	350,000,000	258,750,000	362,413,750
Environment, Solid Waste Management and Energy	65,828,233	305,000,000	305,000,000	312,625,000	317,939,625
Education & Information Technology	92,285,458	431,000,000	300,000,000	307,500,000	312,727,500
Health Services	93,730,825	370,000,000	320,000,000	328,000,000	333,576,000

Water, Sanitation & Natural Resources	258,221,154	1,100,000,000	1,200,000,000	1,230,000,000	1,250,910,000
Youth, Gender, Sports and Cultural Affairs	285,610,817	500,000,000	500,000,000	512,500,000	521,212,500
Trade, Tourism & Investment	71,969,035	400,000,000	380,000,000	389,500,000	396,121,500
Lands, Housing and Physical Planning	175,852,005	480,000,000	180,000,000	184,500,000	187,636,500
Transport, Infrastructure & Public Works	694,472,190	680,000,000	750,000,000	768,750,000	781,818,750
Agriculture, Fisheries, Livestock and Co-operatives	19,292,134	230,000,000	250,000,000	256,250,000	260,606,250
Devolution & Public Service Administration	15,557,697	110,000,000	90,000,000	92,250,000	93,818,250
TOTAL	2,181,865,186	5,182,500,050	4,700,000,000	4,717,500,000	4,896,962,500
	Actual Expenditure 2020/2021	Budgeted 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025
TOTAL	A	B	C	D	E
County Executive	134,579,861	386,491,789	385,000,000	394,625,000	401,333,625
County Assembly	591,624,069	979,254,392	689,000,000	706,225,000	718,230,825
Public Service Board	57,481,487	150,000,000	150,000,000	153,750,000	156,363,750
Finance & Economic Planning	1,614,353,623	960,628,600	1,260,000,000	1,036,500,000	1,111,020,500
Environment, Solid Waste Management and Energy	581,863,283	917,000,000	920,000,000	943,000,000	959,031,000
Education & Information Technology	553,209,274	1,027,000,000	946,000,000	969,650,000	986,134,050
Health Services	2,911,181,990	3,641,787,854	3,720,000,000	3,813,000,000	3,877,821,000
Water, Sanitation & Natural Resources	333,232,081	1,230,000,000	1,330,000,000	1,363,250,000	1,386,425,250
Youth, Gender, Sports and Cultural Affairs	454,099,872	900,000,000	800,000,000	820,000,000	833,940,000
Trade, Tourism & Investment	450,113,691	845,160,775	730,000,000	748,250,000	760,970,250
Lands, Housing and Physical Planning	487,982,311	753,000,000	450,000,000	461,250,000	469,091,250
Transport, Infrastructure & Public Works	1,121,356,757	1,190,000,000	1,310,000,000	1,342,750,000	1,365,576,750
Agriculture, Fisheries, Livestock and Co-operatives	175,574,698	503,499,950	500,000,000	512,500,000	521,212,500
Devolution & Public Service Administration	1,422,813,233	1,016,176,640	1,010,000,000	1,035,250,000	1,052,849,250
TOTAL	10,889,466,230	14,500,000,000	14,200,000,000	14,300,000,000	14,600,000,000

Source: County Treasury

4.2: Details of Departmental Priorities

209. The medium-term expenditure framework for 2022/23 - 2024/2025 ensures continuity in resource allocation is based on prioritized programmes aligned to the ADP 2021 and strategic policy initiatives of the county government as we reach the tail end of the CIDP 2018- 2022 so as to accelerate growth, employment creation and poverty reduction. The recent achievements and key priority targets for each sector are based on the various Departmental reports.

4.2.1: County Assembly

210. The functions of the County Assembly include enacting timely legislation, arousing prompt action to public issues and instituting mechanisms for monitoring and evaluating of resource utilization. The County assembly oversees all the affairs of the county including receiving and approving the development plans and policies of the county. It also carries out oversight role on the development and management of the county infrastructure and institutions; and is responsible for approval of the county budgets and expenditures. Due to the crucial role of this sub-sector, it has been allocated Ksh. 689,000,000 in FY 2022/2023 which is 4.9% of the total county budget.

4.2.2: County Executive

211. Under Article 179 (3) (b), of the Constitution, provides for the number of Executive Committee members in the County Government. Each respective County Executive Committee Member provides policy direction in their respective departments. The Executive Committee Member is therefore responsible for: Implementing county legislation; Implementing within the county, national legislation to the extent that the legislation so requires; Managing and coordinating the functions of the county administration and its departments; and performing any other functions conferred to it by the Constitution or national legislation; Preparing legislation for consideration by the County Assembly; Providing regular reports to the County Assembly for deliberation and decision-making; and Preparing County budgets and plans. The operations under this sub-sector consists of the Governor, Deputy Governor's office, the County Secretary, communication unit, cabinet affairs and the County Attorney's office.

212. This sub-sector requires considerable funding to oversee the implementation of the Kenyan Constitution, Vision 2030, and the County's Vision 2035, CIDP, the CFSP through provision of leadership and policies in governing of the county. It has the task of supervising the County Government departments.

213. The department has been allocated Ksh. 385,000,000 in the FY 2022/2023. The budget consists of 2.7% of the total county budget.

4.2.3: Public Service Board

214. The County Public Service Board is established under an Act of Parliament as provided for under Article 235(1) of the Constitution of Kenya, 2010. The Article provides for a County Public Service Board in each county with control over the County Public Service. The board facilitates the development and integration of human resource planning for personnel enrollment for the County.

215. It also ensures that the county has adequate and competent personnel. The department has been allocated Ksh. 150,000,000 in the FY 2022/2023. The budget consists of 1.1% of the total county budget.

4.2.4: Department of Finance & Economic Planning

216. The key role of the Department is to ensure optimal collection, distribution and utilization of the scarce resources, provide leadership and policy direction in the governance of the County, coordination and supervision of County Financial and Economic affairs, promote sound public financial and economic management for socio-economic development, promote macroeconomic stability, planning and budgetary process, monitoring and evaluation of departmental development performance. It works closely with other departments in ensuring openness, transparency and accountability in management of public resources.

217. The department targets to maintain a database of all county assets, continue tracking all development projects and programmes; risk management strategies, prepare quarterly briefs or reports on development; enhance revenue collection; pending bills management, source for development partners and ensure that funds in the county are prudently utilized to achieve the county objectives and the realization of the vision 2030, implementation of the medium term plan III, the Mombasa Vision 2035 and the big four agenda.

218. Due to the crucial role of the department, it has been allocated Ksh 1,260,000,000 in the FY 2022/2023. The budget consists of 8.9% of the total county budget. The Department has allocated funds for servicing pending bills accrued from all the other county departments.

4.2.5: Department of Trade, Tourism & Investment

219. The vision is to provide a conducive environment for growth of trade, investment and act as a catalyst for tourism growth and development in the County. The Department significantly contributes towards generation of income and employment through tourism and trade development thus promoting self-employment, improving trading environment and attracting more investors and tourists in the County.

220. The tourism unit is committed towards developing a working strategy on the promotion, branding and marketing of Mombasa as an ideal experiential destination for both tourism and investment destination of choice.

221. The department has been allocated Ksh 730,000,000 in the FY 2022/2023. The budget consists of 5.1% of the total county budget.

4.2.6: Department of Education & Information Technology

222. In the financial year 2021/22 and over the medium term the department intends to carry out the following programmes; To provide quality and accessible basic education through renovation and equipping of ECD centers, continued recruitment of ECD teachers and care givers as well as strengthening the capacity of the city Polytechnics and vocational institutions. This Department also hosts the Information, Communication and Technology function which is a very key component towards the realization of the County's priority and improved service delivery.

223. The department will continue carrying out the following programmes: completion of the ongoing ECD Centers, School Feeding Program and milk fortification, vocational and technical training, establishment and equipping of the Maktaba Centers and Operationalizing of the Elimu Development Corporation and Elimu Fund to source funds for Education.

224. Due to the crucial role of the department, it has been allocated Ksh 946,000,000 in FY 2022/2023. The budget consists of 6.7% of the total county budget.

4.2.7: Department of Health Services

225. The department is committed to improving access to quality health services in the county through promotion and provision of integrated and high-quality curative, preventive and rehabilitative services that are equitable, responsive, accessible and universal health care for all.

226. In the medium term, the department will continue investing in service delivery, health workforce, health infrastructure, health products and technologies, health information, health financing and leadership governance. The resources allocated will be used to implement projects aimed at achieving accessibility, affordability of health services, and reduction of health inequalities and optimal utilization of health services.

227. Due to the crucial role of the department, it has been allocated Ksh 3,720,000,000 in FY 2022/2023. The budget consists of 26.2% of the total county budget.

4.2.8: Department of Water, Sanitation & Natural Resources

228. The Department of Water and Natural Resources have the following priority programmes: Management and conservation of natural resources; resource recovery; Provision of technical assistance and improvement of staff capacity to implement devolved functions; Promoting the integration of climate change adaptation and mitigation measures in county's projects/activities; Increase water supply and sewerage coverage; Reduce non-revenue water to acceptable global levels; Rehabilitate/Expand the existing dilapidated water/sanitation systems; and Improve management of water and sanitation services.

229. In the financial year 2022/2023 and over the medium term, Water and Sewerage services through increased Water Supply, Sanitation and Sewerage coverage, Rehabilitation /Expansion of the existing Water, Sanitation and sewerage network and ensuring compliance with the policies, standards, regulations and laws. The Department will continue ensuring natural resources are protected; their use promoted and conserved hence proper management of natural resources for economic growth.

230. Due to the crucial role of the department, it has been allocated Ksh 1,330,000,000 in FY 2022/2023. The budget consists of 9.3% of the total county budget.

4.2.9: Department of Youth, Gender, Sports and Cultural Affairs

231. The department's mission is to formulate, mainstream and implement responsive programmes through coordinated strategies for sustainable and balanced socio-economic development of the County and empowerment of vulnerable in the county, marginalized groups and ensuring gender mainstreaming.

232. In the 2022/23, The Department will continue: To empower the youth with livelihood skills; Youth Empowerment, Economic Empowerment & Revolving Fund, to harness the full potential of our cultural heritage; To promote sports development in the county; To support women and persons living with disability with start-up kits and Provide and maintain public entertainment and recreational facilities.

233. The County continues to improve and develop new Sports facilities amongst others a state-of-the-art Stadium, levelling of football pitches at the ward level and also empowerment of Women, Youth and Persons living with disabilities through training, nurturing of talents and provision of business funds through a revolving fund.

234. Due to the crucial role of the department, it has been allocated Ksh 800,000,000 in FY 2022/2023. The budget consists of 5.6% of the total county budget.

4.2.10: Department of Environment, Solid Waste Management and Energy

235. The Department's priorities and strategies are: Promoting of green energy power generation plants (Organizing initiatives forums for green energy) generation and utilization; County carbon credit initiative program, Environmental conservation and protection, Develop effective and efficient waste collection system, Environmental governance compliance and enforcement, Renewable energy generation and Control of air and noise pollution.

236. The Department has developed strategies geared towards proper disposal of solid and liquid waste that will ensure that liquid waste is not disposed into the ocean untreated and minimize incidences where people burn solid wastes as a way of disposal.

237. Due to the key role of the department, it has been allocated Ksh 920,000,000 in FY 2022/2023. The budget consists of 6.5% of the total county budget.

4.2.11: Department of Lands, Housing and Physical Planning

238. The department is in charge of management of land use and ownership; Physical Planning, provision of adequate, clean, affordable and quality housing.
239. In the financial year 2022/2023 and over the medium term, the objectives of the department are; to continue ensuring proper management of land use and ownership, optimal use of land for development, promoting the provision of adequate and affordable housing. The proposed priority programmes to be undertaken to achieve these objectives include; Promoting sustainable use of land and its resources through land use planning and provision of secure land tenure and management.
240. The Department will also promote development of adequate, affordable quality housing through developing and implementing county housing unit, provision of affordable and quality housing units, refurbishment of county residential houses and maintenance of offices and promotion of appropriate building technology.
241. Due to the vital role the department plays, in the FY 2022/2023 budget, it has been allocated Ksh. 450,000,000. This constitutes 3.2% of the total budget.

4.2.12: Department of Transport, Infrastructure & Public Works

242. The Department of Transport and Infrastructure will continue to focus on road infrastructure improvement through maintaining the already existing road networks and also opening up new access roads so as to restore confidence of residents and making the cost of doing business favorable. Transport infrastructure development will also help revamp the tourism sector and foster social integration in the County.
243. The County is embarking on expanding on the following priority programmes: Construction of missing links on major roads in order to make transport affordable and faster for economic efficiency; construction of access roads; construction and maintenance of storm water drains; construction and maintenance of street lights which is geared towards promoting a vibrant 24-hour economy; and to enhance security within the County and construction and maintenance of public buildings.
244. Due to the enabling role of the department, it has been allocated Ksh. 1,310,000,000 in the FY 2022/2023. The budget consists of 9.2% of the total county budget.

4.2.13: Department of Agriculture, Fisheries, Livestock and Co-operatives

245. The overall objective of the Department is continued improvement of livelihoods of the people of Mombasa County through promotion of competitive and sustainable agriculture, livestock, and fisheries enterprises for development, cooperative development and cooperative marketing and value addition.
246. In the financial year 2022/2023 and over the medium term, the department will continue undertaking the following; provision of efficient and effective agricultural, livestock and fisheries

services in Mombasa County; improving food security and; promoting affordable agricultural land use and efficiency in farm operations through crop management; the veterinary services will continue preventing and controlling spread of disease from within and other counties; safeguarding human health; providing animal health and extension and welfare services; Improved livelihood for the households in income generation activities through cooperative marketing and value addition.

247. The Department's priorities are: Increased crop production and productivity through dissemination of better farming practices and protection of farming area; increased market access for livestock products through marketing initiatives and establishment of processing and value addition facility and Enhancing sustainable Fisheries Supply.

248. The Department will also enhance productivity of livestock and livestock produce through effective extension services and ensure sustainable use of fisheries resources for better livelihoods for fisher folk and food security of the county.

249. The department has been allocated Ksh 500,000,000 in FY 2022/2023. The budget consists of 3.5% of the total county budget.

4.2.14: Department of Devolution & Public Service Administration

250. The Department of Devolution and Public Service Administration is in charge of public service management, sub county administration and devolution. The key objectives include: coordination, supervision and management of County functions; inter-departmental relations at the Sub County and Ward levels; achieve efficient public service management to improve service delivery and; Improve established channels of communication between citizens and the County Government.

251. To enhance coordination of Government programs for efficient and effective service delivery and enhance teamwork within the Government departments, the Department has been allocated Ksh 1,010,000,000 in FY 2022/2023. The budget consists of 7.1% of the total county budget.

ANNEXES

Annex 1: TOTAL LOCAL REVENUE COLLECTED 2020-2021

REVENUE.	ANNUAL BUDGETED 2020-2021 KSHS.	GRAND TOTALS 2020-2021 KSHS.	% Collection
Land Rates Current Year	0	669,823	
Land Rates Penalties	12,929,410	0	0.0%
Land Rates Other Years	1,316,907,999	867,967,900	65.9%
Administration Cost	1,661,825	10,000	0.6%
Other Property Income	1,331,499,234	868,647,723	65.2%
Document Search Fee	195,233	63,500	32.5%
Sales of County's Minutes / Bylaws	877	0	0.0%
Valuation & Survey Fees	40,772,128	3,920,000	9.6%
Plot Transfer Fee	533,712	88,400	16.6%
Consent to Sublease	134,568	50,000	37.2%
Technical Division	13,068	41,196	315.2%
Beacon Search pointing Fee	26,300	15,000	57.0%
Survey Fee	697,950	337,500	48.4%
Subdivision & Consolidation Fees	6,543,644	2,735,000	41.8%
Change of User	1,665,659	423,000	25.4%
Impounding charges	72,382	0	0.0%
Dog Licenses	37,696	0	0.0%
Storage Fee	334,447	0	0.0%
Debts Clearance Certificate Fee	13,150	0	0.0%
Refund of Over Payment	428,436	0	0.0%
Consent to Charge Fee/Property certification Fee (Use as collateral)	88,105	0	0.0%
Imprest	305,939	119,000	38.9%
Other Property Charges	2,584,314	2,162,850	83.7%
Sand, Gravel, and Ballast Extraction Fees	662,668,963	538,204,322	81.2%
Incidental Charges	33,313	117,000	351.2%
Tender Documents Sale	5,260	0	0.0%
Hotel Levy	33,294,404	23,132,140	69.5%
Social Hall Hire	8,400,000	1,635,300	19.5%
Hire of County Grounds	5,000,000	26,000	0.5%
Sewer Connection Charge	4,383	0	0.0%
County Vehicles Hire	326,079	202,000	61.9%
Fire Inspection Fees	15,076,844	2,000	0.0%
Fire-Fighting Services	8,068,364	5,421,000	67.2%
Land Scape Scheme	21,306,899	0	0.0%
Buildings Plan Preparation Fee	1,982,941	8,336,354	420.4%
Buildings Plan Approval Fee	64,084,372	114,727,542	179.0%
Demolition of Structures	742,095	690,600	93.1%
Receipts from Administrative Fees and Charges	875,441,524	702,449,704	80.2%

REVENUE.	ANNUAL BUDGETED 2020-2021 KSHS.	GRAND TOTALS 2020-2021 KSHS.	% Collection
Business Permits, Current Year	733,643,241	476,994,281	65.0%
Business Permits Late Payment Penalties, Current Year		400	
Business Permits, Other Years (Including Penalties)	1,629,254	38,488,655	2362.3%
Business Permits / Cesses	735,272,495	515,483,336	70.1%
Plot Transfer Fee	17,360	0	0.0%
Document Search Fee	3,829	1,000	26.1%
Allottees Documents	33,764	1,000	3.0%
Instalment Fee (HDD Scheme)	140,525	0	0.0%
Annual Ground Rent (HDD Scheme)	2,933,126	3,762,158	128.3%
Plots Charges (HDD Scheme)	16,206,075	2,774,429	17.1%
Survey Fee	23,933	0	0.0%
Plot Rents	19,358,612	6,538,587	33.8%
03020205 Mackinnon Market			
Market Stalls Rent	2,235,050	0	0.0%
03020305 Makupa Market			
Market Stalls Rent	1,173,270	0	0.0%
03020405 Mombasa Wholesale market			
Market Entrance / Gate Fee	267,523,007	5,040,534	1.9%
Market Stalls Rent (Rental store w/s mkt)	11,380,135	22,903,368	201.3%
Off loading	2,319,848	608,201	26.2%
Hawking Fee	19,993,940	5,294,388	26.5%
03020505 Magongo Market			
Market Stalls Rent	807,550	4,000	0.5%
03020605 Likoni Open Air Market			
Market Stalls Rent	207,800	5,000	2.4%
03020705 Port Tudor, Kongowea & Likoni Market			
Market Stalls Rent	131,650	0	0.0%
03020805 Sega Market			
Market Stalls Rent	1,311,400	0	0.0%
03020905 Chaani Open Air Market			
Market Stalls Rent	1,011,400	0	0.0%
03021005 Mikindani Market			
Market Stalls Rent	267,100	0	0.0%
03021105 Mwembe Tayari Market			
Market Stalls Rent	1,155,855	0	0.0%
03021205 Kisauni Retail Stall Market			
Market Stalls Rent	2,913,075	0	0.0%
Sales of Market Establishments	312,431,080	33,855,491	10.8%
Drainage Certificate Charges	30,442	10,000	32.8%
Road Cutting Application Fees	31,820	170,000	534.3%
Other Vehicles Enclosed Park Fees (Cars, lorries, etc.)	533	4,600	862.6%

REVENUE.	ANNUAL BUDGETED 2020-2021 KSHS.	GRAND TOTALS 2020-2021 KSHS.	% Collection
Street Parking Fee	364,678,238	199,717,674	54.8%
Storage Fee	0	16,390,700	
Towing Fee.	52,332	0	0.0%
TLB Matatu Levy	80,321,595	166,681,000	207.5%
Right-of-way / Wayleave Fee (KPLN, Telkom, etc.)	35,891,897	53,098,083	147.9%
Vehicle Parking Fees	481,006,857	436,072,057	90.7%
Housing Estates Monthly Rent	29,208,993	40,832,765	139.8%
Housing	29,208,993	40,832,765	139.8%
Decorations Adverts on Vehicle	0	45,050	
Fisheries Permits	0	19,788	
Sign Boards & Advertisement Fee	80,664,188	116,618,835	144.6%
County Vehicle Hire	459,500	0	
Horticulture Consultation Fee	239,200	263,400	110.1%
Livestock Certificates	521,922	196,610	37.7%
Livestock Permits	4,100	3,832	93.5%
Slaughter Licenses	10,000	22,500	225.0%
Vaccination (Dogs, Horses, Camels)	3,000	1,500	50.0%
Dog Licenses	182,000	109,000	59.9%
Cooperative Audit Charges	555,900	235,915	42.4%
Approval (Egg incubators, Kennel, Piggery, Poultry)		18,082	
Cemeteries Charges	924,700	753,500	81.5%
07031405 Refuse Disposal (Nguu Tatu)	0	0	
Garbage Dumping Fee	4,498,000	2,845,000	63.3%
Refuse Collection Fee	169,000	0	
Environment and Conservancy Administration	88,231,510	121,134,012	137.3%
Inspection Schools for Registration	9,559,000	0	0.0%
Other Education Related Fees	9,559,000	0	0.0%
Sundry Income	197,337,284	0	0.0%
07021305 Kongowea Health Centre			
Premises Inspection Fees	460,662,716	586,428,239	127.3%
07021905 Public Health Offices			
Meat and poultry		669,915	
Cost Sharing Services			
Other Health and Sanitation Revenues	668,000,000	587,098,154	89.2%
Court Fines	30,180,981	1,348,985	4.5%
Cash Bail	4,672,187	871,500	18.7%
Fines Penalties and Forfeitures	34,853,168	2,220,485	6.4%
COUNTY OWN REVENUE	4,574,862,473	3,314,532,178	72.5%

Annex 2: TOTAL EXCHEQUER ISSUES 2020-2021

Revenue Item	Annual Budgeted	Total Receipt	Percentage
Equitable share	7,057,950,000	7,057,950,000	100
GRANTS			
CA-Fuel levy fund	221,681,742	218,916,458	99
Agriculture Sector Support Program II	12,749,975	10,250,771	80
Conditional Allocation for Rehabilitation of Youth Polytechnics	18,484,894	18,484,894	100
CA-User Fees Forgone	23,385,934	23,385,934	100
Level 5 H	388,439,306	388,439,308	100
DANIDA	20,070,000	20,070,000	100
IDA(WB)-KSDP LEVEL 1	45,000,000	45,000,000	100
Transforming Health Systems for Universal Care Project (World Bank-IDA)	114,569,473	51,996,243	45
Water & Sanitation Development Program – World Bank Fund	1,100,000,000	228,221,154	21
Total Grants	1,944,381,324	1,004,764,762	52
Total Exchequer Issues	9,002,331,324	8,062,714,762	90

Annex 3: MONTHLY GRAPHICAL COMPARISON FOR LOCAL & EXCHEQUER ISSUES FOR THE FY 2016/17-2020/21

Month	LOCAL & EXCHEQUER ISSUES 2016-17	LOCAL & EXCHEQUER ISSUES 2017-18	LOCAL & EXCHEQUER ISSUES 2018-19	LOCAL & EXCHEQUER ISSUES 2019-20	LOCAL & EXCHEQUER ISSUES 2020-21
July	78,327,409	726,919,531	91,417,758	110,950,638	133,177,640
August	1,155,330,121	79,974,633	562,614,570	164,898,523	180,063,924
September	614,169,921	572,245,325	663,072,153	1,489,323,234	207,752,314
October	666,800,635	91,999,794	936,888,254	879,204,649	1,365,540,619
November	722,067,323	1,087,117,176	1,023,583,115	208,062,247	1,023,223,263
December	631,961,413	931,127,740	1,185,688,810	1,052,811,632	737,461,308
January	799,675,647	1,084,658,019	1,381,624,607	1,235,895,538	1,240,116,309
February	303,286,028	885,758,740	1,217,967,692	2,014,233,704	1,044,554,398
March	1,003,791,146	1,390,148,888	745,066,240	1,199,408,214	1,141,507,952
April	847,054,039	755,912,531	1,988,001,486	243,403,040	880,176,898
May	1,316,671,337	1,078,311,363	262,880,622	902,535,020	786,713,182
June	1,008,792,061	3,337,376,949	2,861,280,642	1,849,771,878	2,636,959,134
Total	9,147,927,080	12,021,550,689	12,920,085,949	11,350,498,317	11,377,246,941