REPUBLIC OF KENYA

COUNTY GOVERNMENT OF KILIFI

THE COUNTY TREASURY

2022 COUNTY FISCAL STRATEGY PAPER

INSTITUTIONAL INTEGRATION FOR RESILIENT RECOVERY AND IMPROVED SERVICES.

FEBRUARY, 2022.

This 2022 County Fiscal Strategy Paper (CFSP) has been compiled using latest Information, some of which is unaudited or subject to revision.

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FOREWORD

The 2022 Kilifi County Fiscal Strategy Paper (CFSP) has been prepared in the midst of post pandemic recovery efforts, ongoing implementation of the Big 4 Agenda, a transition year of the general elections and a relatively stable macroeconomic environment given the implementation of the Economic Stimulus Programme in the country.

The CFSP derives its overall policy directive from the Draft Budget Policy Statement (BPS), the County Integrated Development Plan (CIDP) 2018-22 and the Big 4 Agenda. This informs the basis of prioritization amongst the competing development programmes and projects as well as identification of the resource basket to fund the same.

As such, the focus of this CFSP is to augment the ongoing post pandemic economic recovery efforts as well as to cement the gains of the previous years development agenda that focused on structural transformation; with the citizens at the core. This will allow the Kilifi citizens a decent life as well as offer opportunities for individual development and investments. In addition to this, this CFSP seeks to ensure the completion of ongoing projects nearing completion to ensure that Kilifi residents' benefit from these public investments.

In light of this, the realization of the policy objectives and priority programmes will be through the subsequent budget cycles that will inform resource allocation to the identified programs and projects. Therefore, this will be a positive injection to the development matrix and injection thus spurring economic recovery efforts for prosperity.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE: INTRODUCTION

OVERVIEW.

1. The County Fiscal Strategy Paper (CFSP) is a policy document that sets out the broad policy direction of the County Government as well as the priorities and development matrix that the County would want to adopt in the subsequent financial year. As such, this policy document forms the bedrock of the public finance management in terms of expenditure priorities and revenue raising measures.

2. This 2022 CFSP draws its main objectives from the development agenda set out in the County Integrated Development Plan 2018-22 and the Annual Development Plan 2022/23. On the broader scope, it echoes the national government priorities and objectives spelt out in the 2022 Budget Policy Statement 2022, Medium Term Plan III and the Big 4 Agenda which focus on the following thematic areas:
   - Supporting job creation by increasing value addition and raising the manufacturing sector's share of gross domestic product
   - Focusing on initiatives that guarantee food security and nutrition to all Kenyans
   - Providing universal health coverage thereby generating guaranteeing quality and affordable healthcare to all Kenyans
   - Supporting construction of at least 500,000 affordable new houses to Kenyans

3. Preparation of the CFSP 2022 CFSP has been informed by the development stretch covered and gains gathered in the CIDP 2018-22 as well as the 5 priority areas as per the County development priorities over the past 5 years. As such, following the prevailing economic situations and the anticipated regime changes, this CFSP 2022 aims at leveraging on the previous years' gains, even as the curtains fall on the 5-year development blueprint, the CIDP 2018-22.

4. This CFSP 2022 will also form the bedrock of the financial Year (FY) 2022/23 budget and guide on the priority areas for resource allocation, to meet the specified development objectives.

LEGAL BASIS FOR THE PREPARATION OF THE COUNTY FISCAL STRATEGY PAPER

5. The preparation of CFSP 2022 is in line with the provisions of the requirements of Section 117 of the Public Finance Management Act, 2012 which states

(i) The County Treasury, pursuant to section 117(1) and (6) of the Public Finance Management Act (PFMA), 2012 is mandated to prepare and forward the Fiscal Strategy Paper to the County Executive Committee for approval and subsequently submit the approved CFSP to County Assembly, by 28th February of each year. The same shall be published and publicized not later than seven days after it has been submitted to the County Assembly.

(ii) In accordance with section 117(2) of PFM Act, the County Treasury has aligned the proposed revenue and expenditure plan to the national financial objectives contained in the Budget Policy Statement (BPS) for 2021. In this regard, the fiscal policies are geared towards triggering a multiplier effect towards the achievement of the national theme of Building Back Better: Strategy for Resilient and Sustainable Economic Recovery.

(iii) 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 FY2020/21-FY2022/23.

(iv) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook to County Government revenues, expenditures and borrowing for the coming financial year and over the medium term.

(v) 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.

STRUCTURE OF THE COUNTY FISCAL STRATEGY PAPER

6. This CFSP 2022 is structured into five sections as follows:

Chapter one entails the background and legal basis for the preparation of the CFSP.
Chapter two specifies the major economic subsets through which the CFSP's theme will be achieved.
Chapter three details the macro-economic factors environment and how the interactions amongst the various factors influence the overall county's fiscal ecosystem
Chapter four describes the County's compliance with standard principles of public finance and the set fiscal responsibility principles. This section also spells out the budget framework for coming financial year.
The **last chapter** is the Conclusion.

CHAPTER TWO: INSTITUTIONAL INTEGRATION FOR RESILIENT RECOVERY AND IMPROVED SERVICES.

2.0 INTRODUCTION

7. This 2022 CFSP aims at leveraging on past years' development achievements to accelerate development and leverage on the gains thus far for a sustainable development blue print, more so in the prevailing macroeconomic environment and a forthcoming general election. As it is the last for the CIDP2018-22 implementation period, it is aimed at sealing remaining gaps in achievement of the envisaged development objectives.

8. The CFSP 2022 aligns with the pertinent issues contained in the BPS to accelerate economic recovery for improved livelihoods. Specifically, the BPS aims at intervening in the following key areas of the economy so as to attain this development objective:

i. Roll out the third Economic Stimulus Programme for sustainable growth;
ii. Maintain macroeconomic stability and enhance security to foster a secure and conducive business environment and security of Kenyans and their properties;
iii. Scale up development of critical infrastructure in the country such as roads, energy and water to reduce the cost of doing business and ease movement of people and goods as well as promote competitiveness;
iv. Enhance investment in key economic sectors for broad based sustainable recovery by promoting agricultural transformation, growth in manufacturing, environmental conservation and water supply, stimulating tourism recovery, and sustainable land use and management;
v. Expand access to quality social services in health, education and appropriate social safety nets for the vulnerable population;
vi. Support the youth, women and persons living with disability through Government funded empowerment programs that leverages on partnerships with private sector organizations;
vii. Support County Governments through transfer of sharable revenues to strengthen their systems and capacity in service delivery; and
viii. Implement various policy, legal and institutional reforms to enhance efficiency of public service delivery.

9. Whilst taking cognizance of the County's development achievements thus far, this CFSP will prioritize fast yielding economic subsets to accelerate economic recovery as well as complement the national government development objectives in the subsequent financial year as specified in the 2022 draft Budget Policy Statement (BPS).
This feat will be hinged on broad strategic priorities for the subsequent financial year. These are as follows:

i. Improving on the Quality and Increasing Access to Affordable Healthcare
ii. Delivering of a Quality Early Childhood and Vocational Education
iii. Increasing Access to Clean Water and Sanitation Services
iv. Leveraging on Food and Nutrition Security Measures

v. Enhancing Infrastructural Development
vi. Promotion of Culture and Social Protection
vii. Enhancing Good Governance

10. These gains will be bolstered by the County Economic Recovery Strategy that identified key areas of intervention, to mitigate and boost economic growth as well as safeguard livelihoods. In light of a projected economic growth, there is still need for a conservative approach in allocation and utilization of resources. To this end, there will be prioritization of resources to cater for the aforementioned priority areas that are key to attainment of the overall development agenda. In addition to this, priority will be given to pending bills as well as completion of flagship projects that are key to the economic recovery and whose implementation will safeguard lives and livelihoods as well as sustainable in the long run.

11. There will be a deliberate effort in this CFSP 2022 to minimize on the operational as well as maintenance costs, so as to free the fiscal space for implementation of priority development programs and projects, so as to attain the desired economic growth, to bounce back to recovery.

12. As a mitigation to the crowding out of recurrent programs and projects, the County will institutionalize deliberate efforts to capitalize on investment commitments as well as broaden its investment portfolios to more investors; more so in the private sector. The County will be keen to maximize on economic benefits through the regional economic block, Jumuiya Ya County za Pwani, more so on infrastructural support and investments. This will then shift some of the capital-intensive investment and infrastructure projects off the county's budget, thus freeing up the fiscal space for more priority programs and projects.
The County goals and priority objectives will be attained as detailed in the subsequent sections of this chapter.

2.1 IMPROVING ON THE QUALITY AND INCREASING ACCESS TO AFFORDABLE HEALTHCARE

13. Enjoyment of the highest attainable standards of health is one of the fundamental rights of every human being. The third Sustainable Development Goals (SDGs) has healthcare as its primary aim. It states: 'ensure healthy lives and promote wellbeing for all at all ages.' The country's development targets of the Big 4 Agenda have one of its goals as attaining 100% Universal Health Coverage (UHC) for the population. However, for UHC to be universal, there needs to be a health system designed for the people; that is not only comprehensive but also integrated and embraces primary care. At the core of healthcare provision is access, affordability, and quality of services as the pillars on which UHC is anchored. Therefore, it is imperative that the County, within its mandate, cements these three pillars to attain overall health prosperity for her citizens.

14. The County has progressively improved its provision of healthcare services aimed at preventing, promoting, curing and eradicating diseases. This has been demonstrated in the face of a global COVID-19 pandemic where most of the resources were channeled towards mitigating the impacts of the pandemic as well as curtailing its spread. In the post pandemic recovery period, there is been a need to refocus synergies and focus more on disease control, reproductive, maternal and child health services in an effort to strengthen the health system.
To attain this, the County will engineer its efforts in the following key areas of intervention:

i. <u>Management of Disease Burden Through a Strong Primary Health Care Network</u>

15. Primary healthcare (PHC) is provided in the community where people make initial contact with the health system to get advice or referral to a health facility/practitioner for investigation and treatment or further referral for more advanced care. PHC is a whole-of-society approach to health that aims at ensuring the highest possible level of health and well-being and their equitable distribution by focusing on people's needs and as early as possible along the continuum of health promotion and disease prevention to treatment, rehabilitation and palliative care, and as close as feasible to people's everyday environment[1]. WHO describes PHS as the 'front door' of the health system and provides the foundation for strengthening health systems. This is because it can detect early signs of an epidemic as well as warn for a surge in the demand for health services.

16. PHC can produce a range of economic and social benefits to the population. As such, when comprehensive healthcare is administered at the onset of disease, then it saves the future economic costs in seeking health care as well as other health outcomes like life expectancy, all-cause mortality as well as mental health outcomes. Other potential benefits of a robust primary

health care system include health system efficiency in terms of reduced hospital admissions and hospitalizations. A robust PHC also improves equitable access to health care hence equitable health outcomes[1]. Therefore, to reap from these potential benefits of PHC, there is need for a timely, deliberate and targeted investment in the PHC infrastructure, equipment and human resources.

17. To consolidate the gains that the County has had in terms of PHC infrastructure, there will be deliberate efforts to ensure adequate staffing and equipment provision at the level 1 and 2 facilities, completion of ongoing projects as well as upgrading of relevant facilities. There will be deliberate efforts to increase the outreach of community health workers and volunteers as well as an increase in the mass sensitization and education of the population on prevention and promotion, more so of infectious and non-communicable diseases.

18. There will also be strategic attempts at improving the supply chain of health products and technologies; to avoid losses and to manage sustainability as well as take care of stock outs. This will also help in planning as it will allow for forecasting.

ii. Health Infrastructure

19. Health infrastructure refers to all the physical infrastructure, inpatient beds, equipment, transport and technology required for effective delivery of services, (MOH, 2022). Good public (health) infrastructure is a precursor to the quality of health care. They are also a determinant on the access of health care services. Therefore, significant investments in the healthcare infrastructure ensures that there is equity, access and provision of health services. The table below shows a distribution of the health facilities in the sub-counties.

Table 1: Health Facilities by Level and Ownership

SUB COUNTY	Government Funded Facilities			Faith Based Organization			Private Owned Facilities		
	Level 2	Level 3	Level 4	Level 2	Level 3	Level 4	Level 2	Level 3	Level 4
Ganze	22	4	1	1	0	0	10	1	0
Kaloleni	13	1	2	1	1	0	25	1	0
Kilifi North	16	2	1	2	0	0	29	0	0
Kilifi South	9	4	0	5	0	0	42	2	0
Malindi	14	2	1	2	0	0	52	2	0
Magarini	36	3	0	0	0	0	7	0	0
Rabai	14	1	0	1	0	0	7	0	0

Source: County Government of Kilifi - Department of Health Services, 2022

20. Of significant mention in the County health infrastructure is the Kilifi Medical complex. This

is a multimillion, ultra-modern health facility. That upon completion will house an accident and emergency unit, a cancer centre, an Intensive Care Unit (ICU), a High Dependency Unit (HDU), a modern radiology department and equipment such as CT scans among others. However, for sustainability and operationalization of the complex, there is need for targeted investments into the operations and maintenance aspect of the project into perpetuity.

21. While there has been a significant investment in the physical infrastructure, equipment and human resources for health in the County since inception of devolution; we still fall far behind the specified global best practices standards and ratio of healthcare staff to the population. As such, there is need for continuous investments along the continuum of the health sector; to leverage on the attained gains as well as improve access to services to meet the other desired benefits.

iii. Maternal and Reproductive Health

22. Maternal health refers to the health of women during pregnancy, childbirth and the post-natal period. Provision of a continuum of care during pregnancy, labour, delivery and in the post-natal period is significant in reducing maternal and neonatal mortality and morbidities. Standard global best practices, according to WHO, specify the following indicators to ascertain good health for mother and child:

- Up to 4 ante natal clinic visits during pregnancy
- Delivery at a health facility with a skilled birth attendant present
- Access to post-natal health care services – up to 2 days after delivery

23. Over the years, the County's performance in the maternal health indicators has been as follows:

a) Number of births attended by skilled personnel since 2013/14

Table 2:Number of Births attended by skilled Health Personnel

YEAR	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	TOTALS
NO. OF BIRTHS	31,038	35,507	36,711	30,550	29,622	42,243	41,826	247,497

Source: County Government of Kilifi – Department of Health Services, 2022

b) Number of Pregnant Women Attending ANC Visits since 2013/14

Table 3:Number of Pregnant Women Attending ANC Visits

YEAR	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
NO. OF WOMEN	21,606	24,512	23,608	19,420	17,966	33,988	30,133

Source: County Government of Kilifi – Department of Health Services, 2022

24. To match up to these requirements, the County Government of Kilifi through the Department of Health Services has made significant investments in the maternal health care (physical) infrastructure as well as the human resources for health, ensuring equitable access for these services. Thus far, the department has rolled out 20 new facilities focused on maternal health.

This feat has also been buffered by the national government health insurance for pregnant women; 'Linda Mama'.

iv. <u>Universal Health Coverage</u>

25. The primary focus of UHC is on improving quality, access and coverage of health services. To this end, there ought to be deliberate government investments in the health care space to ensure that citizens can access the health services and care that they need without suffering a financial hardship or impoverishment. To ensure financial protection, the County has partnered with the Danish Government to roll out a county wide grant aimed at resourcing primary and community health. This is meant to build capacity at the level 1 facilities so as to bridge the gap between households and dispensaries. This is espoused to increase access to and equity in the provision of healthcare services.

26. In the same vein, in collaboration with Red Cross, the County has established community health units to increase the provision of health services at the community level by availing the services at their doorsteps. This has been successful with the coverage standing at 78% of the population. To leverage on this gain, training is continuously being provided to the community health workers (CHWs) to educate them on health indicators with the purpose of producing direct linkages with the community members.

27. In addition to these the County is also partnering with the national government to ensure every citizen has a health insurance cover under the National Hospital Insurance Fund (NHIF). Phase one of this project has already seen 50 % i.e., 35,000 out of 75,000 selected individuals mapped and enrolled for the NHIF services. Currently NHIF is confirming the biometrics of the people already registered.

v. <u>Health Care Financing</u>

28. The County Department of Health Services receive the highest allocation of the County's annual budget. This is evident in the table below:

Table 4:Department of Health Funding from the County Government Budget

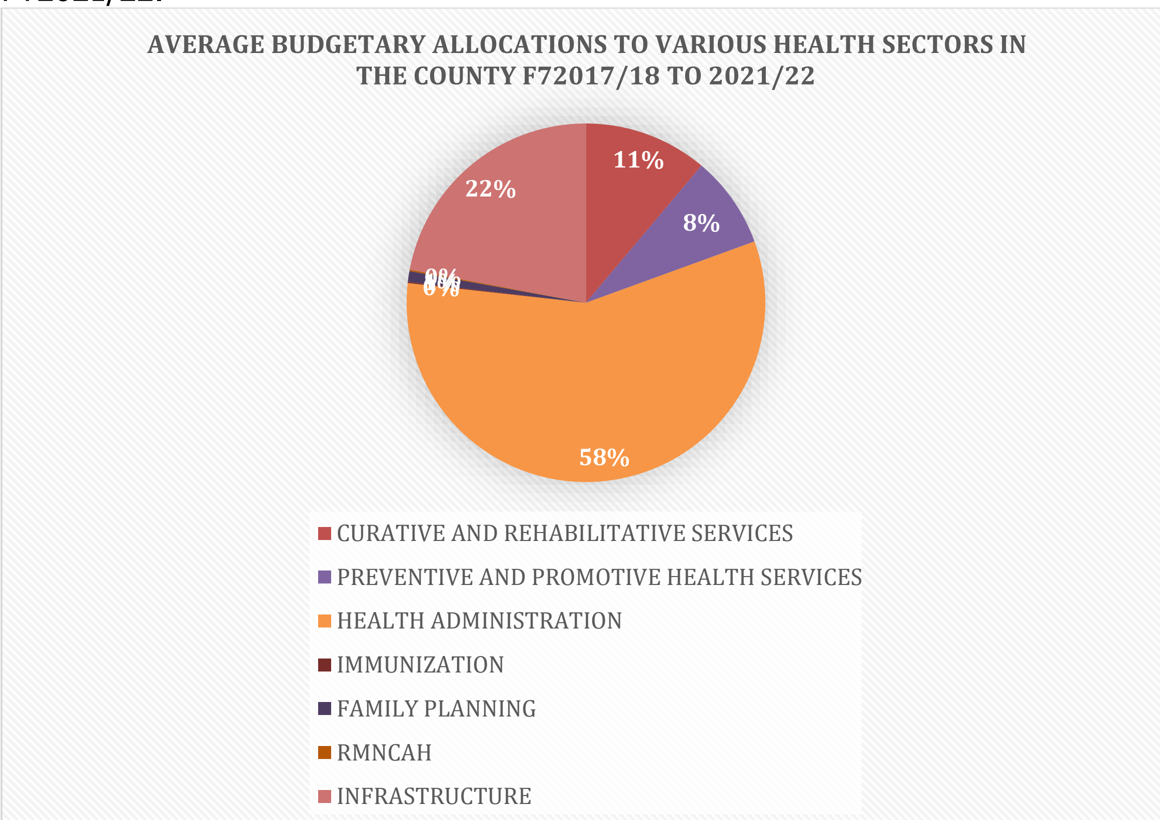
FINANCIAL YEAR	TOTAL COUNTY BUDGET	HEALTH BUDGET	
	AMOUNT (KES)	AMOUNT (KES)	Proportion
2013/14	6,701,156,247	1,381,270,551	21%
2014/15	9,882,829,324	2,205,901,471	22%
2015/16	11,520,188,328	2,698,357,155	23%
2016/17	13,031,430,964	2,939,805,424	23%
2017/18	12,126,905,105	3,124,111,953	26%
2018/19	14,471,491,081	3,784,650,799	26%
2019/20	15,034,621,947	4,269,979,373	28%
2020/21	14,661,031,386	4,289,098,137	29%

2021/22	14,873,899,430	2,098,265,458	14%

Source: County Government of Kilifi – County Treasury, 2022

The average allocation to the various health sectors has been as follows:

Figure 1: Average Budgetary Allocation to Various County Health Sectors FY2017/18 to FY2021/22.



Source: County Government of Kilifi – County Treasury, 2022

29. While the amounts are substantial, a large chunk of the allocation caters for the personnel emoluments, (evident in all financial years save for FY2021/22 where the salaries are not part of the health budget), crowding out other recurrent and development expenditures thus giving rise to funding gaps in key and strategic areas. This situation is meant to be dire in the subsequent years as most donors and grant funds are ceasing with Kenya's new middle income economy status.

30. In addition to this and as a measure to counter the diminishing resources, there will be a shift in the budgetary allocations to the health sector from medical services to public health to focus more on preventive and promotive health services thus relieving the economic cost of advanced medical interventions.

31. Therefore, there is need for seeking alternative sources of funding for the health sector and leveraging on the private sector engagement to tailor investments into the health space as well as careful resource allocation to priority and high impact health projects and programmes.

32. In addition to this and to ringfence resources generated at the county hospitals, the County Government, through the Department of Health created the Health Services improvement Fund anchored on Kilifi County Health Services Improvement Fund 2016. The Fund is resourced from various streams including facility fee use, NHIF and user fee reimbursements. This provision ensures that hospitals are able to collect, bank, budget, and spend the revenue generated at the hospitals without the lengthy process of having to transfer the funds to the County Treasury for appropriation then back to hospitals.
The Fund largely benefits the hospitals allocated 75%, while the CHMT and SCHMT management levels get administrative facilitation of 5% towards supportive supervision and 25% towards primary healthcare, respectively.

33. The County aims to counter the diminishing fiscal space by establishing a PHC financial system to establish capacity to county staff to produce measures, implement and monitor various indicators and encourage the realization of financial independence. This will act as a tool for promoting transparency and accountability and highlighting of resource requirements. This will also be anchored in law, through the draft Health Services Bill.
34. The Department is also committed to optimization of its financial resources through automation of health services, including revenue collection and management of the same, beginning this financial year but to roll out in phases.

2.2. DELIVERING OF A QUALITY EARLY CHILDHOOD AND VOCATIONAL EDUCATION

2.2.1. EARLY CHILDHOOD EDUCATION AND VOCATIONAL EDUCATION

35. The rights to education of every child is guaranteed under the Basic Education Act of 2013. Sustainable Development Goal 4 is to 'ensure inclusive and equitable quality education and promote lifelong learning opportunities for all'. As basic and technical education is a devolved function, the County government of Kilifi is duty bound to provide quality education to its children and citizens.

36. Early childhood education is important as it aims at the holistic development of a child's social, emotional, cognitive and physical needs which is important for a solid foundation for lifelong learning. Vocational training, on the other hand allows for practical experience in chosen career paths hence providing for a source of livelihood.

37. To meet these twin goals, the County has progressively improved on its provision of quality educational services, more so with the advent of the Competency Based Curriculum (CBC). This it has done in terms of infrastructure and staffing of the ECD centers as well as the VTC centers. Consequently, there has been an increase in the enrollment rates across these centers. While the enrollment rate stands at 97.8% the retention rate of 85% and the fact that only 63.1% of the targeted population live within a radius of 5km from the nearest schools are areas that require mitigation. This is illustrated below:

Table 5:Pre-Primary School Summary as of May 2021

SUBCOUNTY	NO. OF ECD CENTRES	ENROLLMENT		NO. OF ECDE TEACHERS	
		BOYS	GIRLS	TOTAL	INPOST
MAGARINI	196	6465	15263	21728	193
MALINDI	67	2490	2432	4922	105
KILIFI NORTH	89	4477	3515	7992	173
KILIFI SOUTH	65	4005	3690	7695	126
KALOLENI	121	4910	5222	10132	135
RABAI	69	3038	2946	5984	95
GANZE	194	5548	6442	11990	160
TOTAL	801	30933	39510	70443	987

Source: County Government of Kilifi - Department of Education and ICT, 2022

38. While the County aims at enhancing certified skills for economic prosperity and increased independence at the grassroots level, there exist in the County, 45 Vocational Training Centers (VTCs). Out of these, 4 are still under construction. Out of the already constructed 41, 32 are

operational and 23 are fully registered. This information is further broken down in the table below:

Table 6: Ownership, Registration and Operation of VTCs in the County

OWNERSHIP		OPERATION STATUS		REGISTERATION STATUS	
Owned by County Government of Kilifi	32	Number of Operating VTCs	32	Registered	23
Owned by National Government	13	Number of Non-Operating VTCs	9	Ongoing Registration	9
		Number of VTCs under Construction	4	Not Yet Registered	8

Source: County Government of Kilifi - Department of Education and ICT, 2022

39. Within these institutions, there are 136 classrooms and 552 toilets. Out of the 41 in operation, 88% have been equipped with modern tools and equipment to further enhance the quality and learning experience however, 40% of these in operation have no access to piped water while 59% are not connected to electricity. This hinders the institutions from offering a quality learning experience.

40. The VTCs enrolment is still characterized by low enrolment and apathy because of the negative attitude by the community towards vocational training. Kaloleni has an average of 68 students per center while Malindi has an average of 259 students in each center. The low enrolment rates impact on the service provision sustainability as well as continuity of the services.

Table 7: Analysis of Student Enrolment at VTCs per Sub-County

ENROLMENT ANALYSIS PER SUB-COUNTY				
SUBCOUNTY	ENROLMENT			NUMBER OF CENTERS
	FEMALE	MALE	TOTAL	
KILIFI NORTH	628	372	1,000	7
KILIFI SOUTH	232	262	494	4
RABAI	160	171	331	5
KALOLENI	511	274	785	7
GANZE	183	156	339	5
MALINDI	673	623	1,296	7
MAGARINI	599	582	1,181	10
KILIFI COUNTY	2,986	2,440	5,426	45

Source: County Government of Kilifi - Department of Education and ICT, 2022

41. Over the next financial year, the County Department of Education aims at improving access to education by rolling out a 350Million scholarship fund. The department also aims at equipping the ECD centers to improve equitable access as well as to fill in the staffing shortages across the various centers. On vocational training, the County Department of Education aims at increasing the number of trade courses offered; to broaden its clientele base as well as attaining its objectives and goals of increasing access to quality education. This it will do by increasing the number of trade specific instructors as well as investing in centers of excellence to allow for the specialization of given trade courses. This will be facilitated by a significant investment in monitoring and evaluation as well as collaboration with the various county departments in terms of skills application.

42. Vocational and technical education is paramount in promoting economic development, expanding employment size as well as improving the working. The existing VTCs will be upgraded and equipped with modern tools and equipment. This will be achieved by construction of hostels, computer labs, procurement of modern tools and equipment and electrification of the youth polytechnics. As a result, the centers will be more attractive to students and thus foster enrolment rates. Additionally, there will be established and operationalized a Business Incubation Centre in Kaloleni to broaden the link between VTCs and industrial partners. Further, the county will aim at strengthening staffing levels through the recruitment of instructors starting with 30 in the next financial year. Finally, there will be a push to ensure full registration of the facilities so that they can be eligible for national funding and grants.

43. To enhance governance and improve the standards in the VTCs, the sector will facilitate the training of all VTCs staff including Board of Management teams on governance and sensitization to ensure quality assurance and standards in the learning institutions. Furthermore, the sector will strive to improve the performance of students by organizing mentorship forums for girls in the Science, Technology, Engineering and Mathematics (STEM) Programme.

2.2.2. INFORMATION COMMUNICATION TECHNOLOGY.

44. On the ICT front, the department participated in the development of the Kilifi County ICT Road map initiated by the Kenya ICT Authority and funded by the World Bank. This has contributed to a coordinated and coherent approach for ICT road map development and guidelines which will enable the County to provide high-quality and cost-effective ICT-enabled services that meet the needs of County residents. The department has also built a county connectivity infrastructure by ensuring all 7 Sub County offices are connected to The Kilifi County WAN (Wide Area Network).

45. To define the conditions under which it will be possible to provide a shared and optimized ICT infrastructure with appropriate user support and standards, the County has deployed a Unified communication system in the County HQ Offices. Furthermore, in fostering innovation, best practice, and value for money in the use of ICT in the management of County resources, learning and Citizen Outreach, an Electronic Data management System has been deployed in the County to manage workflows and reduce paper usage. The County has also equipped 13 more Polytechnics with ICT equipment thus raising the number to 21 Public Youth Polytechnic equipped from the initial 8. This in turn has enhanced ICT capacity building in the County, especially among the youth.

In the next financial year, the ICT department aims at establishing a County Integrated Infrastructure and a County Metro Fiber Infrastructure as well as construct an Integrated Data Center and an Innovation hub at the HQ. Additionally, there will be installed CCTV surveillance systems in all county offices, an Information Resource Centre and also, Business Continuity and Disaster Recovery Center. Together with all these, plans are underway towards establishing a Call Center, County Radio Station, 35 Digital ICT service kiosks and one shared platform portal for the County Management System (EPR). The department also aims to automate the scholarship application process at the county by establishing and operationalizing a County bursary and scholarship application portal.

2.3 INCREASING ACCESS TO CLEAN WATER AND SANITATION SERVICES

2.3.1. ACCESS TO CLEAN WATER

46. The United Nations General Assembly of 2015 and Constitution of Kenya 2010 affirm access to safe drinking water and sanitation as a human right; as well as essential to the realization of all human rights. Therefore, the County Department of Water aims at increasing water supply to its resident, as a means of providing hygiene and sanitation services.

47. Currently, access to piped water in the County is at 60% of the County's households. To increase water access and eradicate perennial shortages, the County Division of Water will increase annual water production by 50 per cent in the next financial year through construction of seven solar powered dams in each sub-county fully equipped with a tank and treatment plant. These dams are meant to feed into the existing water supply and construction of five water pans fully equipped with a complete supply tank and solarized and automated pumps in Magarini, Malindi, Ganze, Kaloleni, and Rabai sub counties.

48. The County through partnerships with the World Bank and Water Sector Trust Fund (Water Fund) will further increase water connectivity by completing laying of a major distribution pipeline. To further improve the current water coverage of 59% to 65%, the County Division of water will make non-active connections active, reactivate withdrawn connections through community engagements and rehabilitate dilapidated pipelines to meet required pressure standards.

49. Additionally, five (5.5Kw) pumps are intended to be purchased to utilize inaccessible water in boreholes and tanks by distributing the water to various nearby households to reduce perennial water shortages. These include; Kadzandani Borehole Magarini Sub-County, Lower Ribe pumping station serving Kaloleni, Ruruma, Mwawesa, and Mwakirunge, Tsunguni-Kibao kiche to increase water supply to Tsangatsini in Kayafungo ward Kaloleni Sub-County, construction of a booster station at Kitsaombi station (Kayafungo) at Mwijo tank Kaloleni Sub County, construction of a booster station at Tsunguni in Kaloleni sub-county to cover Kaloleni and Chonyi Sub Counties. Maintenance services on non-functional water access points will be conducted by the county to ensure sustainable utilization of water infrastructure.

2.3.2. SANITATION SERVICES

50. Solid waste management and pollution remain crucial externalities that may affect and reverse developmental gains. A degraded environment stalls development and is a precursor to other health challenges. As such, there is need for deliberate interventions aimed at stalling, reversing or stopping environmental mismanagement to allow for a holistic developmental experience, in an environment devoid of climatic extremes.

Currently, the County has limited solid waste collection centers and there is no clear recycling means nor initiatives. The solid waste access coverage is as follows:

Table 8: Population Proportion with Access to Solid Waste Collection Services

SUB COUNTY	NO. OF HOUSEHOLDS	WASTE COLLECTION BY COUNTY	WASTE COLLECTION BY COMMUNITY ASSOCIATION	WASTE COLLECTION BY PRIVATE COMPANIES	PROPORTION WITH ACCESS TO WASTE MANAGEMENT SERVICES
KILIFI NORTH	39,508	13%	3%	2%	18%
MALINDI	73,317	9%	5%	5%	19%
KILIFI SOUTH	53,011	7%	7%	13%	27%
RABAI	24,740	5%	0%	1%	6%
KALOLENI	36,344	3%	0%	1%	4%
MAGARINI	32,978	1%	0%	0%	1%
GANZE	23,197	0%	0%	0%	0%
KAUMA	3,479	0%	0%	0%	0%
CHONYI	11,416	0%	0%	0%	0%

Source: Kenya Population and Housing Census. KNBS, 2019

51. To this end, the County will work on the following interventions to improve the households' access to solid waste management:

i) Conduct a comprehensive feasibility study to classify solid waste as either organic or inorganic, and its distribution. This will form a policy intervention basis and clearly outline ward specific action points. The number of solid waste transfer stations (receptacles) will be increased by county division of environment in order to improve solid waste management services. With increasing population pressures and increased solid waste the county will obtain at least two acres piece of land in the area bordering Mtondia dumpsite in-order to expand the existing site so as to accommodate more solid waste.
ii) Purchase at least one excavator to facilitate emptying of dump sites; a big compactor to substitute for solid waste vehicles so as to increase capacity and efficiency in managing solid waste. To have effective and efficient waste collection and management services, the county will work with the National Government as well as collaborate with donor agencies, private sector and local communities to come up with initiatives to recycle solid waste.

52. On waste management, the County records low usage and availability of toilets; with over 50% households in Ganze, Kauma and Magarini sub-counties without access to toilet services. overall, 28% of the households in Kilifi County have no access to toilets. To tame this, the county

aims at increasing the number of public toilets to better access basic sanitation services. Moreover, there are plans for installation of sewer infrastructure in towns so as to manage human waste disposal and improve access to sanitation services.

53. Environmental pollution is a major global environmental risk to our health and food security through its impact on climatic patterns. To control pollution and its effects, the County government will purchase noise meters, at least one per sub-county, in order to regulate noise pollution as well as purchasing at least one air quality meter per sub-county to counter air pollution.

54. A quarrying bill and policy will be drafted by the County to safeguard local and county resources from over exploitation. To increase green cover for the County, ward tree nurseries will be expanded and established in addition to encouraging urban forestry, promoting beautification of urban areas through gardening and painting of trees. Policing of existing forests will further be improved by empowering forest guards through capacity building and training, and in enhancing physical mobility by purchasing motor-vehicles or motorbikes at least one per sub-county to enhance enforcement of forest laws and regulations.

2.4. LEVERAGING ON FOOD AND NUTRITION SECURITY MEASURES

55. Following the Maputo Declaration on Agriculture and Food Security in Africa, for which Kenya is a signatory, there have been deliberate attempts at revitalizing and increasing food production whilst aiming at sustainability and food security. Although the goals of the declaration were not met, it is imperative to strive to progressively attain them, backed with an adequate budgetary allocation (of up to 15% of the total budget) to this sector. This is why food security remains at the core of Kenya's development matrix, with the Big 4 Agenda championing food and nutrition security to all citizens.

56. Food security is important as it is a source of food as well as an economic avenue for a majority of the County's households. However, there exists a disconnect between transformative agricultural innovations and farmers' access to this information, hence the perennial food shortages and drought experienced in the County. To this end, the County government through the department of Agriculture plans to put forth critical mitigation measures to curtail food insecurity as well as to catapult farmers into higher income levels through the shift from traditional subsistence farming methods to modern, innovative approaches of farming. This it aims to achieve in the following ways:

i) In line with the Strategy for Revitalizing Agriculture and Vision 2030, the County Government is intending to undertake policy development and legal framework to create an environment conducive for enhanced agricultural production and encourage investment and Promoting investments in agricultural infrastructure and extension services along with adopting measures aimed at increasing the households' purchasing power, especially those in rural areas, who are the key drivers for improving both food availability and food access.

ii) Enhancing knowledge and skills to farmers and extension staff through training and sharing knowledge. This is aimed at empowering farmers to take and appreciate farming as a business. The county government in the financial year 2022/23 in partnership with the Kenya Agricultural and Livestock Research Organization (KALRO) and together with department of Agriculture and Horticulture at Pwani University seek to establish training of farmers at both the sub county and ward level in good farming practices, reduction in post-harvest loss and how to mitigate the effects of insects and pests to crops. The county also intends to enhance the capacity of wards in food security and livelihood assessment, to equip them with skills on contingency planning, early warning system and response.

iii) Increasing allocation to strategic areas key for the transformation of agriculture from a low-income, low-efficiency and low technology sector into a vibrant modern sector supporting value-addition through scientific and technological innovation, increasing the scope of extension programmes, credit and insurance programmes. This will be implemented by the establishment of more agro-processing facilities in rural areas in addition to the urban areas and equipping and operationalization of the Ganze milk processing scheme, Manyeso dairy, Ruruma collection center, setting up of a hatchery to increase supply of fingerlings, institutional integrated fish farming, upgrade existing flock by embracing ranching, upgrading of existing slaughter houses to required standards and embracing diversity in both dairy and beef farming.

iv) Exploit the agriculture potential in the three zoned areas: Weruni, Sosoni and Nyika, by putting an additional 200 hectares under irrigation. Specifically, the amount of land under irrigation will be increased by 8 per cent by establishing additional 4 small-scale irrigation schemes throughout the county and this will made possible in partnership with the department of water, environment and natural resources to come up with plans to harvest water during rain seasons specifically to be used for irrigation during dry seasons.

v) Complete construction of 2 fish landing sites, establishing integrated fish farming in 2 schools as well as increasingly providing extension services to fish farmers. The county also plans to do gear replacement which helps improve quality of fish and deploy enforcement officers in fish landing sites to enhance marine safety.

vi) Enhance data collection, analysis and dissemination including sharing among key stakeholders as well as enhancing monitoring and evaluation at all levels. This will be made possible by putting into consideration that the county is putting into place a central data bank system. The department of Agriculture through partnership with the department of Trade and cooperative development will also Improve market infrastructure and access to markets and market information, also build and diversify Strategic Food Reserves to include other food products like pulses, milk, fish and meat products besides maize.

2.5. ENHANCING INFRASTRUCTURAL DEVELOPMENT

57. Infrastructure contributes to the economic mobility of the factors of production as well as a support system for production activities in the economy. These include the physical infrastructural facilities like roads, bridges and buildings. To promote quality, reliable and sustainable infrastructure, the County government will undertake a variety of initiatives; all aimed at improving the quality of life for its citizens. These include:

i) Completion and operationalization of markets to increase the trading areas as well as avail market spaces for the traders. This in turn will substantially increase the revenues streams thus a double benefit. In addition to this, there will be continued financial support to Small, Micro and Medium Enterprises (SME's) in the County, through the Mbegu Fund, to support the growth of businesses.

ii) To support and leverage on the economic gains of aggregated markets, the County Division for Cooperative Development will continue to provide training on cooperative governance as well as mobilize more groups to incorporate the cooperative business model. In addition to this, the Division will offer tailor made training on value-addition techniques to cooperative groups in the County to help improve their commercial viability.

iii) There will be efforts and strategic investments made in completing and maintaining major roads in the resort towns such as Kilifi, Malindi, Watamu, Mtwapa, Mambrui and Mariakani; so as to improve the tourism landscape thus increase the own source revenue collection from this revenue stream. Additionally, investments will be made in opening up access roads all over the County but more so in areas of high agricultural activities so as to connect farmers to markets. Further, the road network in the major towns such as Kilifi, Malindi, Mtwapa and Mariakani will be improved to increase economic activities and support the population base therein.

iv) Rehabilitation of recreation facilities in the beaches will be enhanced to attract more local and international tourists which will be complemented by beach cleanup events.

v) The County will improve the rural road network; as a stimulus to increase access of agricultural produce to the markets by improving and enhancing transport

vi) There will be efforts at renovating, revamping and equipping social halls and converting some of them into innovation hubs where the youths and other interested individuals can learn a trade skill as well as sell and buy their wares. The halls will also be digitalized to aid in the roll out of the same.

vii) To enhance sporting activities, there will be allocation for completion of the Bomani sports grounds as well as purchase of sport equipment. Other sports amenities to be renovated and repaired include the Kaloleni playing ground, Mtepeni Majengo sports ground, Maekani sports ground in Ganze, Mkwajuni polytechnic sports ground and Kaembe Katendere Mere sports ground.

The County will also expend a significant amount of resources towards the energy sector. This will be done in the following ways:

(i) Completion of the county GIS lab as well as development of the GIS database. This is a crucial resource that will improve decision making by mapping out key resources in the county. This will also make planning efficient.

(ii) Installation of solar home systems, as a move to embrace green technology as well as to improve the livelihoods of the population.

(iii) Conducting a feasibility study on biogas technology in Kilifi North Sub County as well as construction of biogas digesters in Ganze Sub County.

(iv) Development of key policy documents such as the County Energy Masterplan as well as the Electricity and Gas reticulation policy.

2.6. PROMOTION OF CULTURE AND SOCIAL PROTECTION

58. Culture is a way of life that defines the behavior and customs of a group of people. It is thus a unique identifier of a people. Therefore, culture should be at the center of development as it ensures a human-centered, inclusive and equitable development.

59. The County through the Department of Culture and Heritage endeavors to promote culture and ensure perpetuation of unique Mijikenda practices over the generations. This it intends to do in the following ways:

(i) Promoting cultural tourism by supporting annual cultural events organized by the Kaya elders, such as the Annual Walks. These will be supported adequately so that they attract not only local but also international tourists. The ripple effect from this is expected to be felt in every corner of our county.

(ii) Construction of a cultural centre at Kayafungo for the preservation of artefacts as well as restoring cultural spaces at the Kayafungo forest as well as the Panga ya Said historical cave.

(iii) Hosting and participating in four cultural events. These are:

- Kilifi County Cultural Festival,
- Mekatilili wa Menza Cultural Festival,
- Chendachenda Cultural Festival and
- Kenya County Music and Cultural Festivals.

60. To cushion the vulnerable members of society, the County has allocated Ksh. 32.2M for cash transfer to the elderly, OVCs and people with severe disability. A database is maintained for the same to aid in disbursements. Similarly, an allocation of Ksh. 80M is provided as emergency relief, to be used to alleviate adversities in the events of calamities like drought and fire.

2.7 ENHANCING GOOD GOVERNANCE

61. The Constitution of Kenya advocates for an inclusive development matrix from its citizens, allowing them participate in the key decisions and plans of the government. To this end, the County Government of Kilifi will continue to exercise transparency in formulating annual and other periodic plans for the county, appropriation of financial resources and infrastructural projects, and non-selective dissemination of information through civic engagement activities. This will be done by enhancing public participation to the village levels thus a broader representation of the needs of the locals.

62. Development planning is crucial to the attainment of the development objectives of the County. To this end, in the next fiscal year, the County will embark on the creation of a comprehensive five-year development plan to guide the development agenda. The County Integrated Development Plan (CIDP 2022-2027) will thus be formulated and an allocation of Ksh. 30M has been provided for the same.

63. In the next fiscal year, the County government will fully operationalize the CountyPro, a revenue collection software that will completely automate revenue sourcing and collection thus minimizing revenue seepage and leakages. This will be complemented by the installation of internet and Wi-Fi at the revenue offices.

64. Access to justice is a key pillar towards sustainable development and eradication of poverty. To ensure that citizens have access to safe and secure environments for alternative dispute resolutions and ease of involved party negotiations for cases such as land disputes; the office of the County Attorney aims to construct two mediation centers in Mtwapa and Mariakani. This will be done in partnership with the Judicial Service of Kenya.

CHAPTER THREE: RECENT ECONOMIC DEVELOPMENTS AND MEDIUM- TERM OUTLOOK

3.0 OVERVIEW

65. According to a consensus of forecasts, the economic downturn in 2020 was not as negative as initially estimated, due in part to the fiscal and monetary policies governments adopted in 2020. Generally, economic growth forecasts capture the decline and subsequent rebound in economic growth over the second and third quarters of 2020, but have been challenged since by the prolonged nature of the health crisis and its continuing impact on the global economy. As some developed economies start recovering, central banks and national governments are considering the impact of tapering off monetary and fiscal support as a result of concerns over potential inflationary pressures, weighed against the prospect of slowing the pace of the recovery. The economic impact of the pandemic is expected to lessen in developed economies where vaccinations are facilitating a return to pre-pandemic levels of activity. In developing countries, however, outbreaks of new viral variants could prolong the pandemic and dampen prospects of a recovery.

66. The pandemic has dealt a major blow to the economy, but the government's quick policy responses have helped to cushion the impact, and a partial recovery is underway. The economy is expected to continue to recover and gradually return to growth of above 5 percent. Real GDP growth is projected to reach 4.5 percent in 2021 and to be over 5 percent on average in 2022-23. The growth outlook is predicated on an upturn in industry supported by reopening of the economy and strong capital spending, a moderate recovery in services as vaccination rollout steadily progresses, and adequate agricultural harvests and sales, helped by rising external demand from the recovering global economy. The county's economic performance has been greatly affected by the pandemic too since it's dependent on the country's performance as a whole. But with the easing of the measures and an expected growth in the country's economy then we expect a gradual recovery of our county's economy.

3.1 GLOBAL AND REGIONAL ECONOMIC DEVELOPMENTS

67. The global economy is projected to grow 5.9 percent in 2021 and 4.9 percent in 2022, 0.1 percentage point lower for 2021 than in the July forecast. The downward revision for 2021 reflects a downgrade for advanced economies—in part due to supply disruptions—and for low-income developing countries, largely due to worsening pandemic dynamics. This is partially offset by stronger near-term prospects among some commodity-exporting emerging markets and developing economies. Rapid spread of Delta and the Omicron variants have increased uncertainty about how quickly the pandemic can be overcome and policy choices have become

more difficult with limited room to maneuver.

68. Solutions to these global problems must involve all countries and all regions, especially sub-Saharan Africa, with the world's least vaccinated population, most promising renewable energy potential, and critical ecosystems. Sub-Saharan Africa's economy is set to expand by 3.7 percent in 2021 and 3.8 percent in 2022. This follows the sharp contraction in 2020 and is much welcome, but still represents the slowest recovery relative to other regions.

69. In particular, the economic outlook points to divergences at three levels: between sub-Saharan Africa and other regions, within sub-Saharan Africa, and within countries. These divergences reflect the region's slower vaccine rollout, more limited fiscal space, and regional disparities in resilience. The outlook remains extremely uncertain, and risks are tilted to the downside. In particular, the recovery depends on the path of the global pandemic and the regional vaccination effort, food price inflation, and is also vulnerable to disruptions in global activity and financial markets.

70. Growth in the East African Community (EAC) countries is gradually recovering. The decline in economic activity in EAC countries – Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda – has been pronounced, in line with previous global and wider regional estimates, although less severe than expected. Kenya suffered its first recession in nearly two decades, but the output contraction eased substantially in Q3 2020, helped by strong agricultural growth. Similarly, Rwanda experienced its first recession in a decade, but the economy then recovered significantly in Q4 2020, supported in part by a rebound in manufacturing. In Tanzania, output as recorded in the official statistics continued to expand, driven by construction and agriculture.

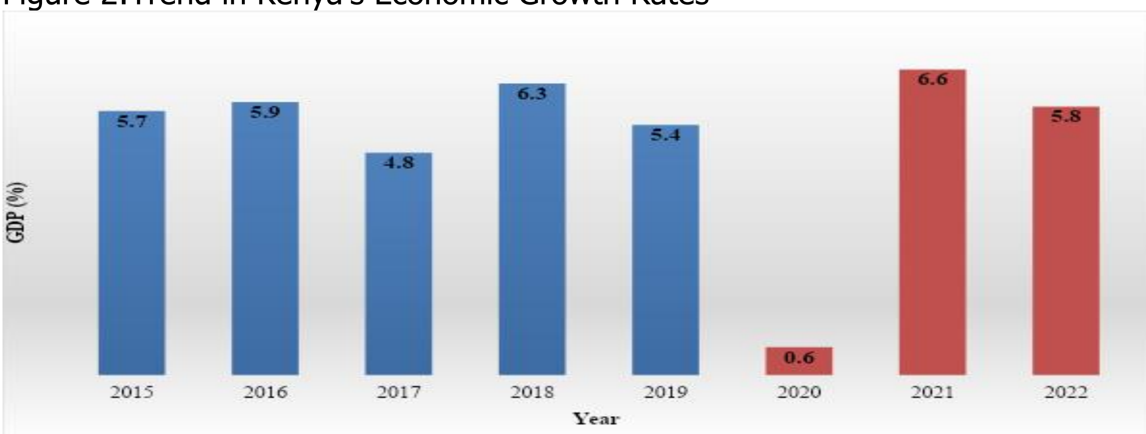
3.2 DOMESTIC ECONOMIC DEVELOPMENT

71. In 2020, the Kenyan economy was adversely affected by the outbreak 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 in 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 during the fourth quarter of 2020. Kenya also was faced with two other shocks: The invasion of swarms of desert locusts that damaged crops and floods following receipt of above normal rainfall in May 2020. As a result, the economy contracted by 0.3 percent in 2020

compared to a growth of 5.0 percent in 2019. The contraction was spread across most sectors of the economy especially in accommodation and food services activities, education and transport sectors.

72. Economic growth is expected to rebound to 6.6 percent in 2021 and 5.8 percent in 2022, reinforced by the prevailing stable macroeconomic environment and the ongoing implementation of the strategic priorities of the Government under the "Big Four" Agenda and initiatives under the Economic Recovery Strategy. Leading indicators for the Kenyan economy point to a relatively strong recovery in the first quarter of 2021. As such, the economy is projected to recover to 6.6% in 2021, partly reflecting the lower 2020 base effect.

Figure 2:Trend in Kenya's Economic Growth Rates



Source: Kenya National Bureau of Statistics (2022)

3.2.1 GDP PER CAPITA INCOME

73. The Gross Domestic Product per capita in Kenya was last recorded at 1206.22 US dollars in 2020. The GDP per Capita in Kenya is equivalent to 10 percent of the world's average. GDP per capita in Kenya is expected to reach 1230.00 USD by the end of 2021, according to World Bank global macro models and analysts' expectations. In the long-term, the Kenya GDP per capita is projected to trend around 1350.00 USD in 2022, according to our econometric models.

3.2.2 SECTORAL GDP PERFORMANCE

3.2.2.1 AGRICULTURE SECTOR

74. The agriculture sector was more vibrant in 2020 compared to 2019 despite a contraction in global demand in 2020. The sector grew by 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 sector's growth. Tea production increased by 24.1 percent from 458.8

thousand tonnes in 2019 to 569.5 thousand tonnes in 2020. The volume of cane deliveries, in tonnes, increased from 4.4 million in 2019 to 6.0 million in 2020.

75. However, the output of some key food crops was notably lower than the projected production partly due to underperformance of the short rains as well as reduced demand from restaurants and learning institutions that remained closed for a significant part of 2020. Maize production went down from a revised production of 44.0 million bags in 2019 to 42.1 million bags in 2020, while the quantity of potatoes decreased to 1.9 million bags in 2020 from 2.0 million bags in 2019. The sector's growth was also constrained by a contraction in forestry activities by 2.9 percent in 2020. Coffee production and horticultural exports also declined by 18.0 percent and 4.5 percent to stand at 36.9 and 313.6 thousand tonnes, respectively, in 2020. However, earnings from horticultural produce increased by 3.9 percent to stand at Ksh 150.2 billion in 2020. The increase in the earnings was mainly attributed to better international export prices for the horticultural products in the review period.

3.2.2.2 NON-AGRICULTURAL SECTOR

76. The economy of Kenya advanced 1.2% year-on-year in the fourth quarter of 2021, after two consecutive quarters of declines, amid the pandemic crisis. Positive contributions to growth came primarily from construction (15.7% vs 12.3% in Q3), mining (9.2% vs 7%), information & communication (7.6% vs 3.2%), finance & insurance (7.4% vs 3%), public administration (8.4% vs 6.3%), agriculture (5.8% vs 4.2%) and manufacturing (3.8% vs -1.7%). On the other hand, the hospitality sector remained severely depressed (-62.2% vs -63.4%). The service sector has generally been the largest contributor to GDP and will contribute an average of 6.0% to GDP Growth in 2021 (due to in part to recovery from the 2020 contraction) from a negative contribution of 3.1% in 2020. The contribution is expected to stabilize at 3.2% in 2022.The industrial sector staged a recovery, but the third wave again softened economic activity in the sector. Manufacturing value-added contracted by 3.9 percent in Q2 2020 and 3.2 percent in Q3 2020. High-frequency data point to a sizeable sequential rebound since Q3 2020. The Purchasing Managers' Index (PMI) showed a sequential expansion in activity in July 2020 through March 2021. Consistent with the movement in the PMI index, electricity sales also rebounded from their low in April and May 2020. The recovery during H2 2020 and into 2021 was supported by increased food production (wheat, maize flour, canned fruits, sugar and soft drinks) and also expansion in non-food manufacturing output such as cement. The PMI experienced a sharp decline in April 2021, indicating a strong contraction in activity, likely due to the reintroduction of movement restrictions in the wake of the third wave of COVID-19 infections, but recovered in May 2021 with the lifting of these restrictions. Growth in the construction sub-sector rose to 8.6 percent in Q3 2020 compared to 6.6 percent in the same period last year, supported by government spending on infrastructure projects

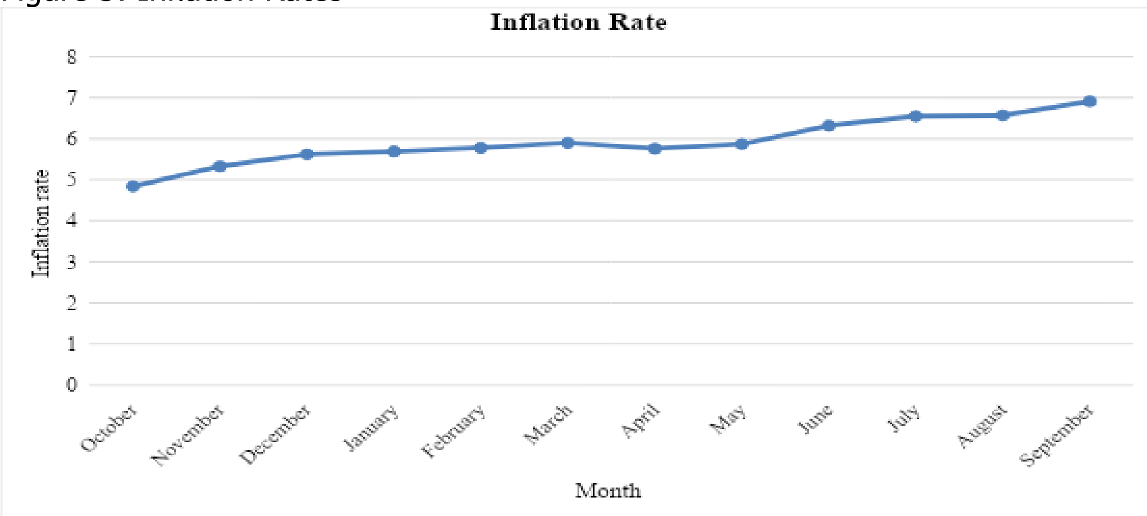
77. The labour market was hit hard but has staged a recovery. The COVID-19 crisis initially impacted the labour market quickly and severely. Kenya's unemployment rate increased sharply, approximately tripling to a high of about 16 percent in Q3 2020. Many wage workers who managed to keep their jobs had to reduce working hours, with average hours decreasing from 50 to 38 hours per week. In addition, many people, especially women, who lost their jobs stopped searching for work, as reflected in a substantial rise in the number of people out of the labor force between Q4 2019 and May-June 2020. Between February and June 2020, almost a third of household-run businesses ceased operating and average revenue from household run businesses decreased by almost 50 percent. However, the employment rate recovered and had increased to 76 percent in April–June 2021. The rate of unemployment is also returning to pre-crisis levels, decreasing to 7 percent in April–June 2021.

3.2.3. INFLATION RATE

78. 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 in August 2021 but remained within the target range at 6.6 percent from 4.5 percent in August 2020. Inflation rate for the month of September as measured by the Consumer Price Index (CPI) was 6.91 per cent compared to 6.57% in August 2021. This was mainly driven by a rise in prices of commodities under food and non-alcoholic beverages (10.63 per cent); transport (9.21 per cent); and housing, water, electricity, gas and other fuels (6.08 per cent) between September 2020 and September 2021.

79. Inflation also rose in September due to a spike in the price of a litre of kerosene, petrol and diesel which were up 32.9%, 27.5% and 22.1% respectively while that of LPG gas was up 20.2%, electricity increased by 9% per 200 kilowatts. The CPI increased by 0.32 percent from an index of 115.710 in August 2021 to 116.077 in September 2021. The month-to-month Food and Non-Alcoholic Drinks' Index increased by 0.11 percent between August 2021 and September 2021. This was mainly attributed to increased prices of some food items, which outweighed the decrease in prices of others.

Figure 3: Inflation Rates

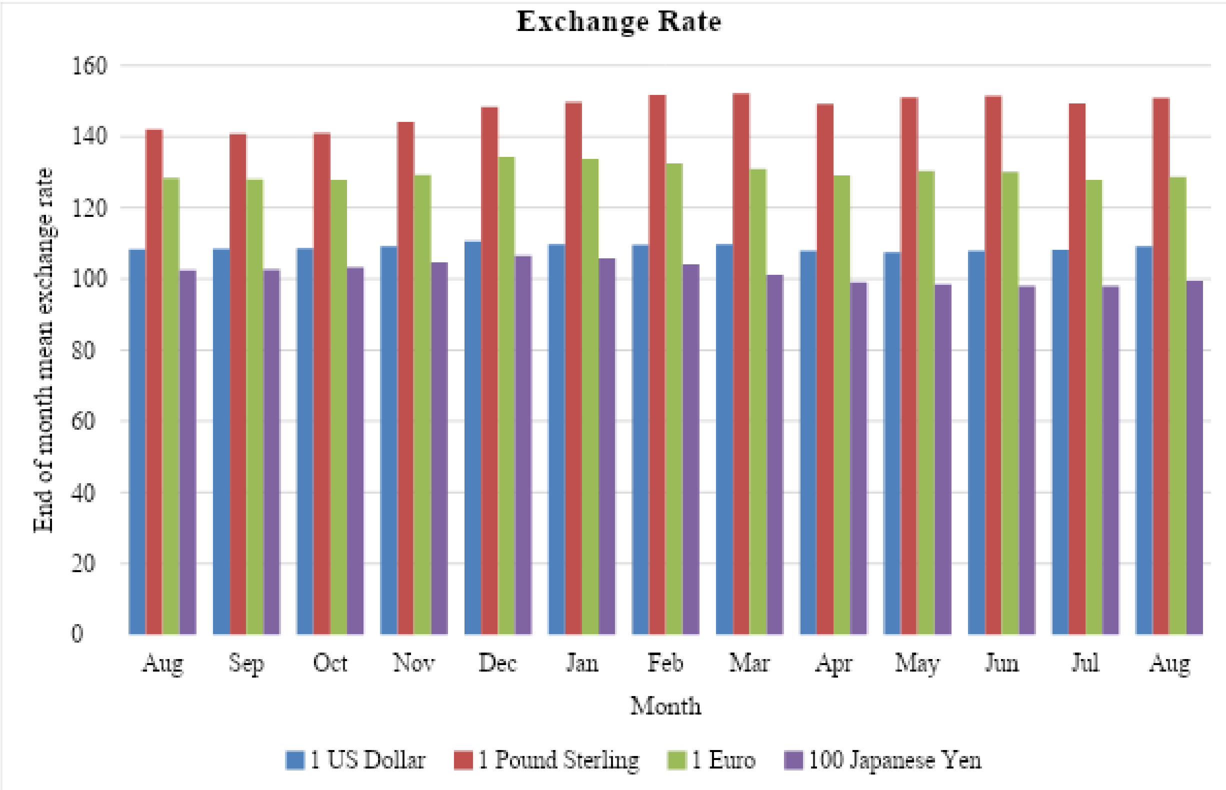


Source: Kenya National Bureau of Statistics, 2022

3.2.4 KENYA SHILLING EXCHANGE RATE

80. 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 109.2 in August 2021 compared to Ksh 108.1 in August 2020

Figure 4: End of Month Mean Exchange rate of Kenya Shillings against Major Selected Countries.



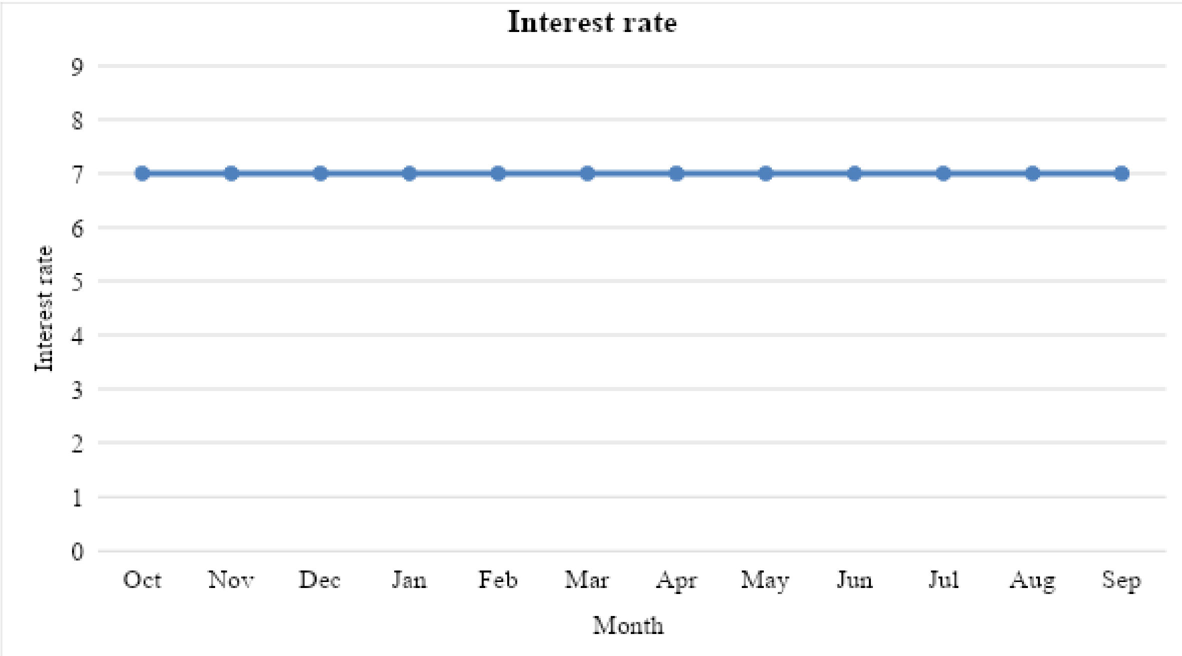
Source: Kenya National Bureau of Statistics, 2022

3.2.5 INTEREST RATES

81. At its 28 September meeting, the Monetary Policy Committee of Kenya's Central Bank decided to leave its key rate unchanged at 7.00%, marking the tenth consecutive hold, after having cut it by 125 basis points during March-April 2020.Estimates of a strong recovery in 2021, coupled with relatively well-anchored inflation expectations, were largely behind the Bank's decision to maintain its accommodative stance. Available indicators point to a robust recovery this year, while ongoing vaccination efforts at home and abroad should further support the services sector and buoy demand globally.

82. Meanwhile, despite mounting price pressures recently due to higher fuel and food costs, inflation is expected to remain within the Bank's 2.5%–7.5% target band in the medium term. Interest rates on the Treasury bills remained relatively stable in August 2021. The 91-day Treasury Bills rate was at 6.6 percent in August 2021 compared to 6.2 percent in August 2020. Over the same period, the 182-day Treasury Bills rate increased to 7.1 percent from 6.6 percent while the 364-day decreased to 7.4 percent from 7.5 percent.

Figure 5:Short-Term Interest Rates, Percent.



Source: Central Bank of Kenya

3.3 ECONOMIC OUTLOOK

3.3.1 GLOBAL GROWTH OUTLOOK

83. The IMF projects appositive outlook as the world continues to adopt to the COVID 19 pandemic and access support in terms of vaccines.

The global economy is projected to grow 5.9 percent in 2021 and 4.9 percent in 2022 (0.1 percentage point lower for 2021 than in the July 2021 World Economic Outlook (WEO) Update). However, the growth may be sporadic, or even lower for low- and middle-income economies such as Kenya.

84. The downward revision for 2022 reflects a dip in most of the macroeconomic indicators, with a slow rebound during the post pandemic recovery years. For emerging markets and developing countries, there is expected to be a slower growth due to the slower vaccine rollouts and generally less policy support compared to advanced economies. There is bound to be higher inflation rates as well due to a mismatch between supply and demand during the post pandemic adjustment period. These price pressures are expected to persist due to a depreciating exchange rate as well as the lagged effects of higher prices, increased food prices and depreciation of imports as well as supply disruptions.

3.3.2 DOMESTIC GROWTH OUTLOOK

85. 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 and the rebased GDP growth numbers reflected through the 2021 Economic Survey by the Kenya National Bureau of Statistics in September 2021. 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.

86. The outlook in 2022 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 support agricultural output. As a result, export of goods and services are expected to expand as global demand normalizes.

87. The Government is currently focusing on the implementation of the Economic Recovery Strategy (ERS) that aims at restoring the economy to a strong growth path, creating jobs and economic opportunities across all regions of the country with a view to tackling social and income inequalities. It is expected that the successful implementation of the Economic Recovery Strategy which is also aligned to the "Big Four" Agenda will promote inclusive growth and transform the lives of Kenyans. In terms of fiscal years, economic growth is estimated at 2.9 percent in FY 2020/21 and a rebound to 5.3 percent in FY 2021/22. The growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) of the Vision 2030.

3.3.2.1 RISKS TO THE DOMESTIC ECONOMIC OUTLOOK

88. The growth outlook is positive. The economy is projected to grow by 5.0% in 2021 and 5.9% in 2022. The rebound assumes that economic activity will normalize due to a full reopening of the economy, the Economic Recovery Strategy being successfully implemented, and Kenya capitalizing on an expected improvement in external liquidity and benefiting from initiatives to meet its external financing needs. The external initiatives could include debt refinancing, restructuring and debt service relief, and additional concessional loans. Inflation is projected to remain within the Central Bank of Kenya's target range of 2.5% to 7.5%, and fiscal and current account deficits are forecast to narrow as a result of improved revenue collection and exports.

89. 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.

90. The upside risk to the domestic economy relates 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. Downside risks to the outlook could emanate from delays in the full reopening of the economy, failure to secure external financing to execute the budget, a slowdown in global growth, and disruptive social conditions during the run-up to the 2022 elections. 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.

91. Additionally, growth would be weaker than projected if logistical hurdles in procuring and distributing vaccines especially in emerging markets 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. 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.

3.3.3 MITIGATING THE RISKS

92. The Government is continually monitoring these risks and taking appropriate monetary and fiscal policy measures to preserve macroeconomic stability and strengthen resilience in the economy. As the government continues to build back better, remarkable recovery in the economy has been witnessed; with its rebound being attested by all leading economic indicators that all point to a strong economic recovery beginning in the present year 2021. This rebound is as a result of gradual reopening of the economy especially the services sector coupled with stronger global demand. This recovery is reflected in the strong revenue performance for the Quarter ending September 2021. Ordinary revenue collection increased by 25.8% and amounted to KSh. 441.8 billion; amounting to a collection of KSh. 17 billion above the target.

88. The government had offered first and the second stimulus packages which were designed to ensure that the economy could endure the shocks occasioned by the lockdown measures

implemented in the early stages of the COVID-19 pandemic. With significant progress registered in the containment of COVID-19, government is now shifting its focus from survival to coexisting with the disease, and in that regard, the government will be rolling out the third financial stimulus programme, designed to accelerate the pace of our economic growth and to sustain the gains already made.

3.3.4 SUBDUED GLOBAL ECONOMIC RECOVERY

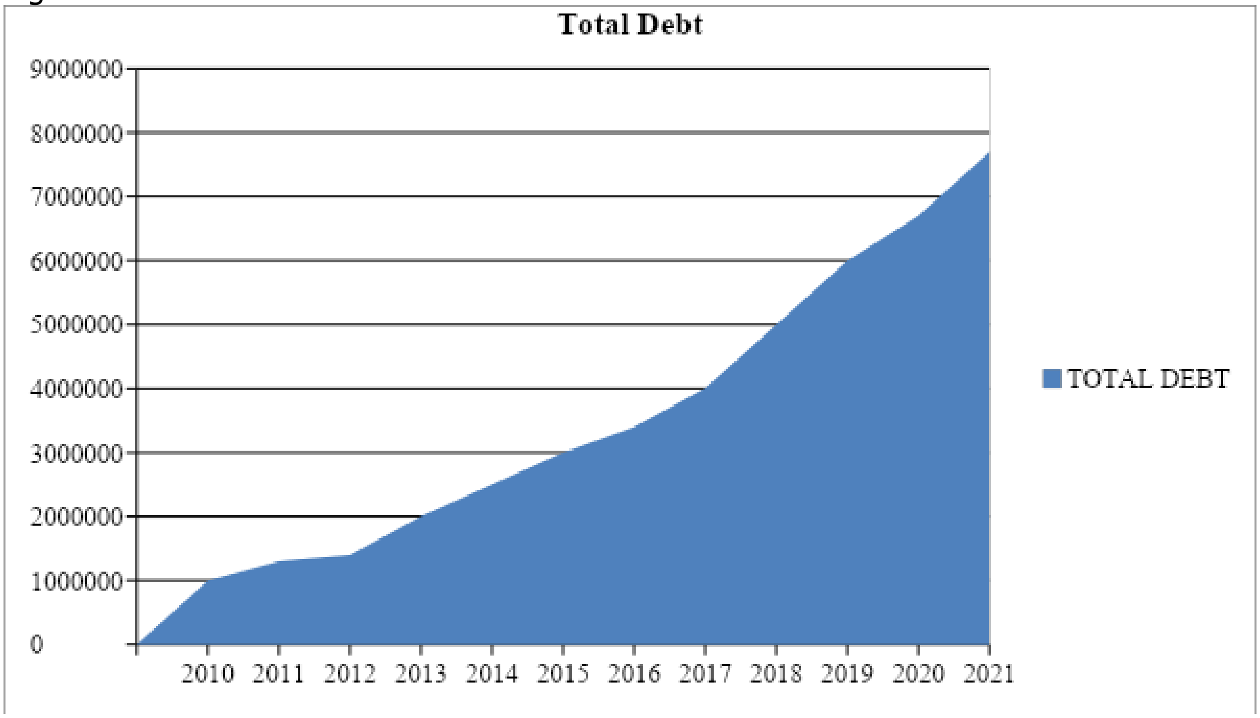
93. A report by the World Bank Group finds that although the global economy is expected to recover in 2021 from the COVID-19-induced recession, progress will be slow and subdued. Policy challenges, region-specific risks, and structural weaknesses remain in place that require ambitious reforms in order to stave off "a decade of disappointments." Titled, 'Global Economic Prospects, January 2021,' the report emphasizes that an economic rebound will be fragile as it is subject to continued disruptions from the pandemic, such as delays in vaccine deployment or the accumulation of debt incurred by emerging economies. A World Bank news release highlights that the global economy contracted by 4.3% in 2020, representing the fourth most severe global recession in the past 150 years.

94. While global growth is projected at 4% in 2021, the report flags that the slower pace of vaccinations in developing countries relative to advanced economies represents "a substantial headwind to activity." Another spike in cases could reduce global growth in 2021 to 1.6%, and overall global economic output is likely to remain more than 5% below its pre-pandemic trend, with below-trend expansion persisting through at least 2025. Accordingly, the report's foreword underscores that "governments, households, and firms all need to embrace a changed economic landscape."

3.3.5 PUBLIC DEBT

95. Total public and publicly guaranteed debt increased from Kshs 6.7 trillion in June 2020 to Kshs 7.7 trillion in June 2021 equivalent to 68.1 percent of GDP. As at June 2021, the debt comprised 52% external and 48% domestic debt. External debt is largely owed to multilateral creditors on concessional terms. The average maturity period, grace period and average interest rate on new external loan commitments were 23 years, 7 years and 2.1, percent respectively. The COVID-19 pandemic and containment measures worsened the fiscal position and heightened the need for borrowing to save lives and livelihood thus raising public debt levels. However public debt remains within sustainable levels and the debt burden is expected to decline over the medium term. The government is implementing a tight fiscal consolidation policy to lower the rate of debt accumulation and overall debt to GDP ratio.

Figure 6: Public Debt



Source: CBK statistics, 2022

3.4 IMPLICATIONS OF MACROECONOMIC INDICATORS TO THE COUNTY

96. Although the overall economic outlook is positive, the country is subject to a volatile exchange rate as well as a negative balance of trade more so due to increase of import prices. The global impact of Russia's invasion of Ukraine will significantly impact on the economy. At the same time, the country has an election planned for in August 2022, and this nay cut down the economic hours as well as put on hold investment opportunities. this in essence means that the government will be operating on a contracting fiscal space and there is thus need to adopt the same fiscal stance at the county level. This informs the stand of the county expenditure in the FY2022/23; to limit expenditure and prioritize payment of pending bills as well as completion of ongoing projects.

CHAPTER 4. FISCAL POLICY AND BUDGETARY FRAMEWORK

4.1 COUNTY FISCAL OUTLOOK

97. Implementation of the FY2021/22 started on a positive trajectory, with synergies focused towards a post pandemic recovery path, with dedicated efforts at sustainability. Whilst the economic projections were solid and focused at a boom, there was a slow adoption of the recovery measures as well as a slag in the economic hours as pandemic mitigation measures were still in effect.

98. As a result, the own source revenue (OSR) collection was not as projected as there were several delays and a slump in the economic recovery efforts. The overall fiscal environment portrays a positive outlook which may increase the OSR amounts in the subsequent months as the country eases into a political environment with the forthcoming elections.

99. On the expenditure side, the County's absorption rate stood at 27% in the first half of the FY2021/22. Revising the main budget to take care of pending bills will increase absorption as it will entail payment of incurred expenses and projects at various stages of completion. This will also have a ripple effect to the economy as it will increase the money supply and actualize the development plans.

4.2 FISCAL POLICY

100. This 2022 CFSP specifies the priority areas of the County over the subsequent fiscal year thus providing a foundation for resource allocation. As such, the fiscal stance is to priorities key programs that are key in accelerating economic growth as well as taking into account the expenditure lags in terms of pending bills that continue to pile thus crowding out new expenditure lines in terms of programs and projects.

101. to this end, the County Treasury is keen on complying to the key fiscal responsibility principles as outlined in the Public Finance Management Act 2012. These are as follows:

a) The County Government's recurrent expenditure shall not exceed the County Government's total revenue;

b) Over the medium term, a minimum of thirty percent of the County Government's budget shall be allocated to the development expenditure;

c) The County Government's expenditure on wages and benefits for its public officers shall not exceed thirty-five (35) percent of the County Government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;

d) Over the medium term, the Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;

e) The County debt shall be maintained at a sustainable level as approved by County assembly and shall never exceed twenty (20) percent of the county government's total revenue at any one time in accordance with Regulation 25(1)(d);

f) The fiscal risks shall be managed prudently; and

g) Increase the absorption of resources allocated for development purposes from the current levels to over 80 percent. This will give the envisaged impetus to economic development and further improve the credibility of our budget.

102. To realize the aforementioned expenditure aims as well as to adhere to the PFM guidelines on fiscal prudence, there will be deliberate measures at having realistic OSR projections, in light of the prevailing macroeconomic conditions, the global pandemic as well as the forthcoming general elections.

103. On expenditure, priority will be accorded pending bills and other programs so as to cement the gains of the past 5 years as well as leverage on sound economic principles and prevent a payment lag to the service providers. This will ensure the citizens enjoy the fruits of devolution in terms of complete projects and programs.

4.3 FY2021/22 BUDGET FRAMEWORK

104. The subsequent financial year will see the County engineer its effort to complement the national government's recovery path. As such, fiscal efforts will be channeled towards meeting the mandatory expenditure lines of personnel emoluments, completion of ongoing flagship projects as well as finalizing the payment of pending bills.

4.3.1 REVENUE FRAMEWORK.

105. To this end, the OSR projections will be conservative will be based on past revenue collection performance as well as the prevailing economic conditions, the post pandemic recovery efforts as well as the forthcoming elections that will see a dip in the economic activity for a significant part of the financial year. However, there is need to take cognizance of the fact that the revenue collection will now be handled by county government personnel, which will allow an increase in the collected amount as it will check on pilferage. Similarly, the revision of the County Valuation Roll is complete and this has increased the number of property owners three-fold. Therefore, there is a projected increase in the amount of revenue to be collected in this stream.
As such, the OSR projections for the next FY and the medium term is as follows:

Table 9: Own Source Revenue Estimates for FY2022/23

OWN SOURCE REVENUE								
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
Revenue Stream	**Actual Revenue Amount**				**Projected Revenue Amount**			
Land Rates and other Land Revenue	126,238,602	187,241,170	131,437,899	170,329,040	195,000,000	214,500,000	235,950,000	259,545,000
Cess on natural resources	141,702,601	238,009,456	276,601,301	273,840,434	315,000,000	346,500,000	381,150,000	419,265,000
Business Permits	70,150,392	67,530,278	42,495,339	57,731,023	105,000,000	115,500,000	127,050,000	139,755,000
Parking Fees	17,832,833	35,452,472	29,805,584	25,515,572	50,000,000	55,000,000	60,500,000	66,550,000
Market Fees	11,744,236	10,688,373	7,439,593	9,285,225	25,000,000	27,500,000	30,250,000	33,275,000
Bill Boards and signage	17,844,177	19,196,108	24,837,467	29,147,422	30,000,000	33,000,000	36,300,000	39,930,000
Building Plan approval and Inspection	2,119,318	6,492,114	6,817,100	51,174,860	25,000,000	27,500,000	30,250,000	33,275,000
Rent/Stall rents	5,306,499	3,839,372	5,411,657	7,432,190	15,000,000	16,500,000	18,150,000	19,965,000
Survey fees and plot rents	1,742,540	1,655,861	1,179,405	537,730	1,266,000	1,392,600	1,531,860	1,685,046
Sale of Tender Documents	23,000	1,000	-	-	-	-	-	-
Plot ground rent	2,558,333	6,229,677	7,292,635	5,686,017	10,000,000	11,000,000	12,100,000	13,310,000

House rent	37,614,075	63,627,022	30,478,756	2,677,814	40,000,000	44,000,000	48,400,000	53,240,000
Refuse Collection	505,803	4,209,353	4,384,327	2,267,500	1,262,000	1,388,200	1,527,020	1,679,722
Food Hygiene Fees	679,700	7,969,917	4,152,351	5,035,910	10,000,000	11,000,000	12,100,000	13,310,000
Slaughter House and Livestock sale Yards	743,839	1,212,619	3,526,063	1,045,190	6,000,000	6,600,000	7,260,000	7,986,000
Liquor license	-	-	-	-	25,000,000	27,500,000	30,250,000	33,275,000
AMS $ATCs	-	-	-	-	20,000,000	22,000,000	24,200,000	26,620,000
Leasing of Plants and Equipment	-	-	-	-	10,000,000	11,000,000	12,100,000	13,310,000
Others	26,469,802	44,647,651	38,452,949	25,494,690	41,472,000	45,619,200	50,181,120	55,199,232
TOTAL	**463,275,749**	**698,002,443**	**614,312,425**	**667,200,617**	**925,000,000**	**1,017,500,000**	**1,119,250,000**	**1,231,175,000**

SOURCE: County Government of Kilifi, County Treasury, 2022

106. Over the years, the County has received the following amounts as it's equitable share of revenue raised nationally:

Table 10: Equitable Share of Revenue for the County Government of Kilifi from FY2013/14 to FY2020/21

FY	EQUITABLE SHARE (KSH)
2013/14	5,820,419,123
2014/15	6,492,284,172
2015/16	7,441,216,645
2016/17	8,029,167,703
2017/18	9,950,900,000
2018/19	10,833,000,000
2019/20	10,444,500,000
2020/21	10,444,500,000
2021/22	11,641,592,941
2022/23	11,641,592,941

Source: County Government of Kilifi, County Treasury 2022

The draft Budget Policy Statement from the National Treasury provides for an allocation of Ksh. 11,641,592,941 to Kilifi County as its equitable share of revenue raised nationally. This is inclusive of the grants that were hitherto disbursed as conditional grants.

107. Therefore, the total county's resource basket will be as follows:

Table 11: Resource Basket for FY2022/23

Revenue Item	Amount for FY 2022/23
Equitable Share Raised Nationally	11,641,592,941
HSIF	250,000,000
Conditional Allocation	-
Own Source Revenue	1,017,500,000
Total	**12,909,092,941**

Source: County Government of Kilifi, County Treasury 2022

4.3.2 EXPENDITURE FRAMEWORK.

108. On the expenditure side, the county has so far managed to cumulatively utilize Ksh. 4,033,599,864 representing 27% of the County budget. This is shown in the table below:

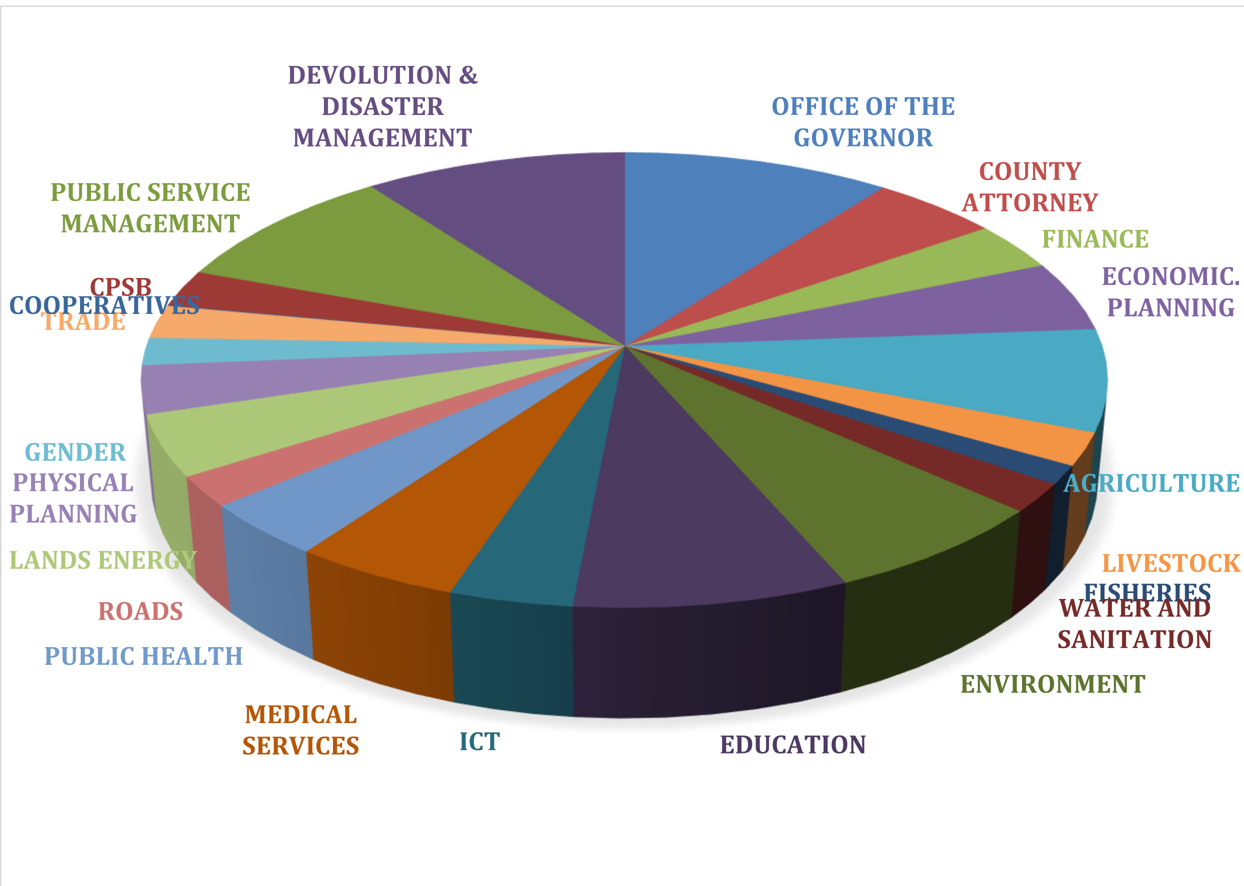
Table 12: Half Year Expenditure Report for FY2021/22

HALF YEAR CUMULATIVE EXPENDITURE PER DIVISION FY2021/22				
DEPARTMENT	**APPROVED ESTIMATES**	**RECURRENT**	**DEVELOPMENT**	**ABSORPTION RATE**
OFFICE OF THE GOVERNOR	202,380,782	104,157,314		51%
COUNTY ATTORNEY	129,193,400	31,741,692		25%
FINANCE	2,593,425,954	108,805,232	341,150,756	17%
ECONOMIC. PLANNING	110,593,609	27,647,500		25%
AGRICULTURE	119,688,689	30,283,413	12,758,192	36%
LIVESTOCK	51,966,883	4,476,332	2,000,000	11%
FISHERIES	131,114,426	8,602,452		7%
WATER AND SANITATION	372,920,223	3,142,855	34,349,759	10%
ENVIRONMENT	152,828,466	52,162,233		34%
EDUCATION	509,838,177	195,592,929	7,563,476	40%
ICT	28,182,695	4,889,946		18%
MEDICAL SERVICES	1,988,636,220	273,563,535	228,867,796	24%
PUBLIC HEALTH	109,629,238	20,862,953		19%
ROADS	1,521,984,625	151,185,014	11,967,256	11%
LANDS ENERGY	467,429,238	84,797,016	15,855,832	22%
PHYSICAL PLANNING	100,835,887	7,220,491	9,808,956	17%
GENDER	135,907,643	12,179,529	1,051,052	10%
TRADE	283,137,504	6,230,513	27,319,287	12%
COOPERATIVES	14,091,348	44,800	-	0%

CPSB	35,546,156	4,662,393		13%
PUBLIC SERVICE MANAGEMENT	179,391,810	2,117,978,421		46%
DEVOLUTION & DISASTER MANAGEMENT	4,640,626,456	90,680,939		51%
TOTAL		**3,340,907,501**	**692,692,363**	

Source: County Government of Kilifi, County Treasury 2022

Figure 7: Half Year Absorption Rate FY2021/22



Source: County Government of Kilifi, County Treasury 2022

Table 13: County Expenditure Framework for the Medium Term

DEPARTMENT	FY2020/21	HALF YEAR FY2021/22	FY 2022/23	FY 2023/24
	TOTAL	TOTAL	TOTAL	TOTAL
COUNTY ASSEMBLY	809,334,819	104,157,314	890,268,301	979,295,131
OFFICE OF THE GOVERNOR	338,290,539	31,741,692	372,119,593	409,331,552
COUNTY ATTORNEY	78,714,286	108,805,232	86,585,715	95,244,286
FINANCE	632,116,132	368,798,256	695,327,745	764,860,520
ECONOMIC. PLANNING	79,290,028	30,283,413	87,219,031	95,940,934
AGRICULTURE	654,122,484	17,234,524	719,534,732	791,488,206
LIVESTOCK	144,473,749	10,602,452	158,921,124	174,813,236
FISHERIES	92,949,082	3,142,855	102,243,990	112,468,389
WATER AND SANITATION	1,150,718,984	86,511,992	1,265,790,882	1,392,369,971
ENVIRONMENT	154,904,701	195,592,929	170,395,171	187,434,688
EDUCATION	1,393,661,228	12,453,422	1,533,027,351	1,686,330,086
ICT	70,297,764	273,563,535	77,327,540	85,060,294
MEDICAL SERVICES	3,685,766,172	249,730,749	4,054,342,789	4,459,777,068
PUBLIC HEALTH	453,663,971	151,185,014	499,030,368	548,933,405
ROADS	1,610,445,341	96,764,272	1,771,489,875	1,948,638,863
LANDS ENERGY	420,133,075	23,076,323	703,869,833	1,040,152,610
PHYSICAL PLANNING	115,287,815	21,988,486	126,816,597	139,498,256
GENDER	244,018,843	7,281,565	268,420,727	295,262,800
TRADE	356,973,053	27,364,087	392,670,358	431,937,394
COOPERATIVES	12,215,743	4,662,393	13,437,317	14,781,049
CPSB	58,019,350	2,117,978,421	63,821,285	70,203,414
PUBLIC SERVICE MANAGEMENT	504,169,666	90,680,939	554,586,633	610,045,296
DEVOLUTION & DISASTER MANAGEMENT	189,067,831	0	207,974,614	228,772,076
KILIFI MUNICIPALITY	70,508,652	0		
MALINDI MUNICIPALITY	149,239,938	0		
TOTAL	**13,468,383,246**	**4,033,599,864**	**14,815,221,572**	**16,562,639,523**

SOURCE: Kilifi County Treasury, 2022

The County Government plans to have three broad silos of expenditure classification as follows:

4.3.2.1 Personnel Emoluments

109. There is an increasing need to increase the personnel emolument allocation for the subsequent financial year to cater for the staffing needs in various departments as well as implement sound HR remuneration requirements like promotion, redeployment as well as

other recruitment needs in the health sector and the municipalities of Kilifi and Malindi. This is to allow the three entities operationalize their facilities and deliver on their core mandates. The stay order by the court regarding outsourcing of revenue collection calls upon the County to employ more revenue collection clerks to deploy to the various cess stations and revenue points like markets and car parks.

110. In this regard, Ksh. 4,234,056,219 has been allocated to personnel emoluments. The breakdown is as follows:

Table 14: Personnel Emoluments Projected Cost FY2022/23
Source: County Government of Kilifi, County Treasury 2022

4.3.2.2 Strategic Interventions

111. These include the key areas of intervention whose allocation needs to be sealed off so as to equitably distribute the County's resource basket among the departments without affecting their ceilings. As such, these allocations contribute Ksh. of the County's budget and will be applied as follows:
Table 15: Strategic Interventions FY2022/23

DEPARTMENT/DIVISION	PROGRAM	ALLOCATION (KSH)		
		RECURRENT	DEVELOPMENT	TOTAL
	Ward Scholarship Fund	350,000,000	-	350,000,000
Environment	Climate Action Fund	-	18,598,295	18,598,295
Trade, Tourism and Cooperative Development	Mbegu Fund		200,000,000	200,000,000
Health Services	Social Insurance (NHIF)	50,000,000		50,000,000
	Medical Drugs	500,000,000		500,000,000
	Dressing & Non-Pharmaceuticals	135,000,000		135,000,000
Devolution, PSM & Disaster Management	Staff Medical Insurance	250,000,000		250,000,000
	Emergency Relief food	100,000,000		100,000,000
	Personnel Emoluments	4,234,056,219		4,234,056,219
	Social Protection	32,295,649		32,295,649
Roads, Transport & Public Works	Motor Vehicle Insurance	100,000,000		100,000,000
	Road maintenance	100,000,000		100,000,000

Office of the Governor	Gratuity	50,000,000		50,000,000
County Attorney	Legal fees	35,000,000		35,000,000
Finance & Economic Planning	CIDP Formulation	30,000,000		30,000,000
	Ward Development Programme	-	875,000,000	875,000,000
	Emergency Fund	150,000,000		150,000,000
	Ongoing			
	Projects/Incomplete works	166,864,418	2,650,609,130	2,867,473,548
Lands,Energy,Housing and Physical Planning	Land Audit	20,000,000		20,000,000
	Kilifi Municipality	65,387,513	37,616,254	103,003,767
	Malindi Municipality	53,282,163	33,984,648	87,266,811
County Assembly		900,000,000	100,000,000	1,000,000,000
TOTAL		**7,321,885,962**	**3,915,808,327**	**11,287,694,289**

Source: County Government of Kilifi, County Treasury 2022

4.3.2.3 <u>Operations and Maintenance (O&M)</u>

112. The O&M budget entails allocations to facilitate the daily running of the County departments offices and other recurrent expenses. As there is fiscal pressure in terms of the budgetary needs, there has been a deliberate effort to decrease the fiscal expenditure for this class so as to allow the prudent use of resources.
To this end, the County plans to allocate Ksh. 3,775,058,728, as a cumulative allocation to all departments to cater for the O&M needs.

Table 15: Operations and Maintenance FY2022/23

DEPARTMENT	O&M BUDGET (KSH)
OFFICE OF THE GOVERNOR	164,870,685
COUNTY ATTORNEY	76,432,340
FINANCE	300,824,738
ECONOMIC. PLANNING	88,456,785
AGRICULTURE	77,522,650
LIVESTOCK	27,290,735

FISHERIES	24,484,854
WATER AND SANITATION	64,956,854
ENVIRONMENT	37,428,675
EDUCATION	421,765,287
ICT	25,456,672
MEDICAL SERVICES	1,146,569,826
PUBLIC HEALTH	76,800,438
ROADS	287,765,413
LANDS ENERGY	84,985,592
PHYSICAL PLANNING	48,364,415
GENDER	63,456,828
TRADE	37,528,785
COOPERATIVES	32,200,567
CPSB	52,698,442
PUBLIC SERVICE MANAGEMENT	463,604,016
DEVOLUTION & DISASTER MANAGEMENT	171,594,131
TOTAL	**3,775,058,728**

Source: County Government of Kilifi, County Treasury 2022

4.3.2.4 <u>Development Projects</u>

113. The County will have a special emphasis towards the completion of ongoing projects and operationalization of complete projects. As such, there needs to be a significant outlay of resources to meet these needs. The County plans to allocate Ksh. 1,020,877,197 to this expenditure silo as a cumulative expense for all the county departments.

Table 16: Development Projects FY2022/23

DEPARTMENT	DEVELOPMENT BUDGET (KSH)
FINANCE	959,742,521
AGRICULTURE	166,601,880
LIVESTOCK	34,284,183
FISHERIES	120,858,869
WATER AND SANITATION	332,310,195
ENVIRONMENT	30,598,295
EDUCATION	321,764,202

MEDICAL SERVICES	491,000,000
PUBLIC HEALTH	38,394,089
ROADS	414,200,001
LANDS ENERGY	321,270,578
PHYSICAL PLANNING	146,000,000
GENDER	199,606,498
TRADE	300,470,419
DEVOLUTION & DISASTER MANAGEMENT	22,876,265
TOTAL	**3,899,977,994**

Source: County Government of Kilifi, County Treasury 2022

4.3.3 INDICATIVE BUDGET CEILINGS

114. The indicative budget ceilings per department will be firmed up after public participation and reviews from the departments, in light of the prevailing economic conditions and other fiscal needs.

Table 17: Indicative budget ceilings for FY2021/22

DEPARTMENT	BUDGET CEILING (KSH)
COUNTY ASSEMBLY	1,000,000,000
OFFICE OF THE GOVERNOR	164,870,685
COUNTY ATTORNEY	76,432,340
FINANCE	1,260,567,259
ECONOMIC. PLANNING	88,456,785
AGRICULTURE	244,124,530
LIVESTOCK	61,574,918

FISHERIES	145,343,723
WATER AND SANITATION	397,267,049
ENVIRONMENT	68,026,970
EDUCATION	743,529,489
ICT	25,456,672
MEDICAL SERVICES	1,637,569,826
PUBLIC HEALTH	115,194,527
ROADS	701,965,414
LANDS ENERGY	406,256,170
PHYSICAL PLANNING	194,364,415
GENDER	263,063,326
TRADE	337,999,204
COOPERATIVES	32,200,567
CPSB	52,698,442
DEVOLUTION & DISASTER MANAGEMENT	194,470,396
PUBLIC SERVICE MANAGEMENT	4,697,660,235
TOTAL	**12,909,092,941**

Source: County Government of Kilifi, County Treasury 2022

CHAPTER 5. CONCLUSION

115. This 2022 CFSP cements the gains of yester years in the County development agenda that entailed structural reforms for people focused development. It is thus a culmination of the development efforts of the County in this dispensation.

116. This CFSP has been prepared on the basis of the figures in the Draft Budget Policy Statement (BPS) 2022 that may change, subject to enactment of the County Allocation of Revenue Act, 2022. In the event of an increase in the allocations to Kilifi County, the amount will be used to ease off the expenditure pressures in the O&M as well as development expenditure silos; subject to compliance with the fiscal responsibility principles.