



COUNTY GOVERNMENT OF MOMBASA
COUNTY TREASURY

**MOMBASA 2024 COUNTY BUDGET
REVIEW AND OUTLOOK PAPER**

©SEPTEMBER 2024

© Budget Review and Outlook Paper (CBROP) 2024

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Foreword

The Mombasa County Budget Review and Outlook Paper (CBROP) 2024, the second to be prepared under the new Administration, is the first to implement the County Integrated Development Plan (CIDP) 2023/27 which is also anchored on the framework of the National Government’s Bottom-up Economic Transformation Agenda (BETA). The paper sets out the Administration’s priority programs, policies and reforms to be implemented in the Medium-Term Expenditure Framework (MTEF). The priority policies, programmes and projects under the CIDP 23/27 themed “Mombasa - A New Beginning; Voice of the People” will be implemented through Annual Development Plans (ADPs) and are also linked to the Fourth Medium-Term Plan for the period 2023-2027 that realizes the Kenya Vision 2030 that will prioritize implementation of economic recovery strategies of the new Administration to reposition the economy on a steady, inclusive and sustainable growth trajectory.

The Mombasa 2024 CBROP is mirroring the National Government’s Budget Review and Outlook Paper 2024, has been developed against a backdrop of stable global and domestic economic outlook. Global growth is projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023. The outlook reflects economic recovery in China, Euro area and UK, despite a slowdown in activity in the USA and Japan.

On the domestic front, the Kenyan economy is currently unwinding from layers of negative and persistent shocks that had a structural effect on economic activities. The shocks included: COVID-19 pandemic and its ensuing effects, conflict in Eastern Europe and Middle East that led to global supply chain disruptions and the adverse effects of climate change from the prolonged drought in 2021 to the floods in the first half of 2024. These shocks escalated the cost of essential household commodities including fuel prices, and led to a rapid depreciation of the Kenya Shilling exchange rate, piling pressure on public debt.

It presents the recent economic developments and actual fiscal performance of the FY 2023/2024 and makes comparisons to the budget appropriations for the same year. It further provides updated forecasts with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper (CFSP), developed in February 2024. In this Paper, we will also provide an overview of how the actual performance of the FY 2023/2024 affected the County’s compliance with the fiscal responsibility principles and the financial objectives as detailed in the 2024 CFSP.

This is the second CBROP that has been prepared in this administration and the first one to implement the third generation County Integrated Development Plan 2023-2027 that outlines the planning framework, guides county programmes budgeting, project funding, monitoring and evaluation. In this CBROP the County is re-emphasizing the Government’s fiscal policy strategy, which focuses on

maintaining a strong revenue effort and shifting composition of expenditure from recurrent to productive capital expenditures and optimally ensuring efficiency and effectiveness in the use of public resources.

The critical programmes to be implemented are expected to stimulate the County's socio-economic development. The key County proposed priority areas are; Revamping of quality and affordable health services, Youth, Women Empowerment, Cohesion and Inclusivity, Education and Training, streamlined waste management services, Investment Promotion, Infrastructure Development, Land management and affordable Housing services which have been prioritized in the 2023-2027 third generation CIDP.

The implementation of initiatives under these strategic sectors are expected to raise efficiency and productivity in the County's economy and in turn accelerate and sustain inclusive growth, create opportunities for productive growth and ensure high standards of living for Mombasa County residents. The County Treasury will link this CBROP with the other budgetary policy documents as stipulated in the PFM Act.



MR. EVANS OANDA
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING

Acknowledgement

This policy document is prepared in line with the provisions of the Public Financial Management Act, 2012 Article 118(1) (a). The preparation of this County Budget Review and Outlook Paper continues to be a collaborative effort from an array of expertise of professionals in the County Treasury. The information in this policy document has been obtained from the Mombasa County Treasury. We are grateful for their inputs.

The document provides the fiscal outturn for the FY 2023/24, the macro-economic projections and set sector ceiling for the FY 2025/26 and the Medium-Term Budget. The document also provides an overview of how the actual performance of the FY 2023/24 affected compliance in the fiscal responsibility principles and the financial objectives outlined in the PFM Act.

Immense appreciation goes to the Executive Member for Finance and Economic Planning for the good will and guidance provided during the entire period of preparation of this document.

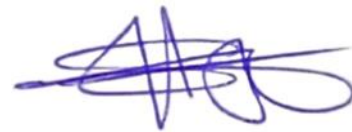
A core team in the Budget and Economic Planning unit spent a significant amount of time consolidating this policy document. We are particularly grateful to Ms. Jane Githui (Director Budget & Economic Planning) and Ms. Shamsa Mohamed (Economist) for working tirelessly in the development of this document.



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Abbreviations and Acronyms

ADP	Annual Development Plan
BETA	Bottom-Up Transformation Agenda
BOPA	Budget Outlook Paper
BPS	Budget Policy Statement
BRDP	Budget Review and Outlook Paper
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CG	County Government
CIDP	County Integrated Development Plan
COVID-19	Corona Virus Disease of 2019
FY	Financial Year
GDP	Gross Domestic Product
GoK	Government of Kenya
KNBS	Kenya National Bureau of Statistics
SDG	Sustainable Development Goals
MIC	Mombasa Investment Corporation
MRS	Mombasa Revenue Services
MT	Metric Tonnes
MTC	Mombasa Tourism Council
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
MV-2035	Mombasa Vision 2035
NDA	Net Domestic Assets
NFA	Net Foreign Assets
OSR	Own Source Revenue
PERs	Public Expenditure Review
PFM	Public Financial Management
PPP	Public Private Partnership
SBP	Single Business Permit
SGR	Standard Gauge Railway
SWG	Sector Working Groups
VAT	Value Added Tax
V 2030	Vision 2030

Legal Background

The County Budget Review and Outlook Paper (CBROP) have been prepared by the County Treasury in accordance with Section 118 of the Public Finance Management (PFM) Act. The Act states that a County Treasury;

- Shall prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and
- Submit the paper to the County Executive Committee by the 30th September of that year.

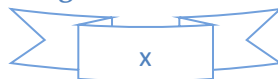
The main objectives of a CBROP are to specify;

- ✓ The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
- ✓ The updated economic and financial forecasts in relation to the changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);
- ✓ Any changes in the forecasts compared with the CFSP;
- ✓ How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP for that financial year; and
- ✓ Reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviation and the time estimated for doing so.

In summary, this CBROP is expected to present a review of the fiscal performance for the previous year, 2023/24 financial year.

The CBROP is expected to provide a summary of the national macroeconomic outlook and how this will affect the County's economic performance.

The above statistics would partly provide the basis for the revision of the Financial Year 2024/25 budget in the context of the Supplementary Estimates, as well as setting out the broad fiscal parameters for the next budget and medium term. The fiscal framework presented in this document provides a strong basis for building our common future under the current constitutional dispensation. The paper also presents an overview of budget financing sources that includes the equitable share, local revenue and grants. In the last section, the paper offers conclusion and the way forward.



Executive Summary

The 2024 CBROP has been prepared in accordance with the PFM Act, 2012 and its Regulations. The document provides an overview of the government's financial performance for the FY 2023/24 including compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act. It also shows macro-economic projections and the sector ceilings for the FY 2024/25 and the medium-term budget as well as information on variations from the projections outlined in the 2024 Budget Policy Statement. It also presents macroeconomic projections and the sector ceilings for the FY 2025/26 and the medium-term budget as well as information on variations from the projections outlined in the 2024 Budget Policy Statement.

The 2024 CBROP has been prepared against a backdrop of a stable global outlook for growth, easing inflation in advanced economies, and persistent geopolitical tensions especially in the Middle East. Global growth projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023. The outlook reflects economic recovery in China, Euro area and UK, despite a slowdown in activity in the USA and Japan.

On the domestic scene, the Kenyan economy is currently unwinding from the effects of negative and persistent global and domestic shocks that had pushed the economy to its lowest activity level. These shocks included COVID-19 pandemic and its ensuing effects, conflict in Eastern Europe and Middle East that led to global supply chain disruptions and the adverse effects of climate change from the prolonged drought in 2021 to the floods in the first half of 2024.

These shocks escalated the cost of essential household commodities including fuel prices, and led to a rapid depreciation of the Kenya Shilling exchange rate, piling pressure on public debt. The Government has implemented policy measures to mitigate these negative shocks and embarked on structural reforms under BETA as prioritized under the Fourth Medium Term Plan. BETA targets to bring down the cost of living; eradicate hunger; create jobs; expand the tax base; and improve foreign exchange balances and inclusive growth, through a value chain approach. To realize these objectives, special focus has been placed on five pillars with the highest impact to drive and sustain economic recovery as well as household welfare: Agricultural Transformation; Micro, Small and Medium Enterprises (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Economy.

The priority programmes and policies under BETA are detailed in the Fourth Medium-Term Plan for the period 2023-2027 that anchors the Kenya Vision 2030. The focused interventions and structural reforms of the Government have supported economic recovery. The economy grew by 5.6 percent in 2023 up from 4.9 percent in 2022, a demonstration of resilience. The growth was largely driven by

a strong rebound in the agricultural subsector, which benefited from favorable weather conditions after two years of severe droughts and the robust performance of the services sector.

The Mombasa County Budget Review and Outlook Paper (CBROP) 2024, the second to be prepared under the new Administration, is the first to implement the County Integrated Development Plan (CIDP) 2023/27 which is also anchored on the framework of the National Government's Bottom-up Economic Transformation Agenda (BETA).

The implementation of the FY 2024/25 National and County budgets has been impeded by the withdrawal of the Finance Bill 2024, that was expected to raise an additional revenue amounting to Ksh 344.3 billion. To ensure seamless implementation of the FY 2024/25 budget and safeguard the fiscal consolidation plan, the National Treasury embarked on expenditure rationalization through the Supplementary Estimates No. I. Expenditure rationalization targeted recurrent and development budgets for all MDAs including Constitutional Commissions, Independent Offices, Parliament, the Judiciary and the shareable allocation to County Governments. Taking into account the lower base effect following the preliminary actual outcome for FY 2023/24 as well as the impact of the withdrawal of the Finance Bill 2024, the fiscal framework for FY 2024/25 budget has been revised downwards under Supplementary Estimates No. 1 with the shareable allocation to the counties expected to reduce from 400.1 billion to 380 billion.

The medium-term fiscal projections in the 2024 CBROP have been realigned from those of the 2024 County Fiscal Strategy Paper estimates taking into account the fiscal outcome of the FY 2023/24 and the impact of the foreseen county equitable share allocation reduction that will necessitate the development of the County Supplementary Budget 2024/25 to downsize the allocation and deter creation of pending bills.

Taking into account the constrained fiscal environment, the County Government will strive to operate on a balanced budget and guide the prioritization and allocation of the scarce resources to ongoing projects and programmes in the FY 2025/26. The county Departments and Agencies will therefore be required to re-evaluate all the existing/planned activities, projects and programmes to be funded in the FY 2025/26 and medium-term budget. The budgeting for the FY 2025/26, will be developed through anchoring on the various priorities through; Revamping of quality and affordable health services, Youth, Women Empowerment, Cohesion and Inclusivity, Education and Training, Streamlined waste management services, Investment Promotion, Infrastructure Development, Land management and affordable Housing services under the medium-term expenditure framework (MTEF).

The document also provides an overview of how the actual performance of the FY 2023/24 affected our compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act as well as information showing changes from the projections outlined in the 2024 County

Fiscal Strategy Paper. The principles of efficiency, effectiveness and economy of public spending shall strictly be enforced by ensuring low-priority expenditures give way to high-priority service-delivery programmes. Departments and agencies should therefore eliminate wasteful expenditures and pursue priorities which are aimed at safeguarding livelihoods, creating jobs, reviving businesses, economic recovery with the ultimate goal of changing the livelihoods of the citizenry. Over the medium term, the Government through the implementation of the CIDP (2023-2027) will continue prioritizing the implementation of economic recovery strategies to re-position the economy on a steady and sustainable growth trajectory.

I. INTRODUCTION

1. The law requires CBROP to present the fiscal outcome for the previous financial year and to state how this outcome affects the financial objectives contained in that year's CFSP. In line with the law, this CBROP contains a review of the fiscal performance of the financial year 2023/24, updated macroeconomic forecast, and deviations from the Fiscal Strategy Paper February 2024.
2. The objective of the CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles set out in the Fiscal Strategy Paper (CFSP). This together with updated macroeconomic outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget and the medium term. Details of the fiscal framework and the medium-term policy priorities will be firmed up in the next Budget Policy Statement (BPS).
3. The CBROP is a key document in linking policy, planning and budgeting. This is the first CBROP which is implementing the County Integrated Development Plan (CIDP) 2023-2027.
4. The PFM Act has set high standards for compliance with the Medium-Term Expenditure Framework (MTEF) budgeting process. Therefore, it is expected that the sector ceilings for the Third Year of the MTEF provided in the previous CFSP will form the indicative baseline sector ceilings for the next budget of 2025/26. However, following the fiscal outcome of 2023/24 and the updated macroeconomic framework these sector ceilings have been modified as indicated in the annex of this CBROP.
5. The updated macroeconomic outlook will be firmed up in the next CFSP to reflect any changes in economic and financial conditions. We are committed to maintain the trend of economic growth and development in line with the expectations and commitments that the County has made to the people of Mombasa County. Towards this end, we shall ensure there is transparency and accountability by relaying our performance indicators to the public as well as publicizing other publications as required by the Constitution and the Public Finance Management Act.

II. REVIEW OF FISCAL PERFORMANCE IN 2023/24 FY

6. This section is meant to review how the actual financial performance for the 2023/24 financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP for that financial year.
7. In line with the Constitution, the Public Financial Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law (Section 15) states that:
 - a) Over the medium term, a minimum of 30% of the budget shall be allocated to development expenditure.
 - b) The Government's expenditure on wages and benefits for public officers shall not exceed a percentage of the Government revenue as prescribed by the regulations (35%) as per the Public Finance Management Regulations 2015.
 - c) Over the medium term, the Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
 - d) Public debt and obligations shall be maintained at a sustainable level as approved by County Assembly (CA)
 - e) Fiscal risks shall be managed prudently
 - f) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

A. FISCAL PERFORMANCE FOR 2023/2024 FY

8. The fiscal performance in 2023/24 had an improvement in Revenue collection with near realization of equitable share and an increase in donor funding disbursement. The County was able to realize Kshs. 12,590,350,825 which translates to 79 percent of the supplementary budget of Kshs 15,990,000,000. In view of the above the County had a 21 percent budget deficit of Kshs. 3,399,649,175.
9. From the 2023/24 County Revenue analysis, the actual revenue by category was below the projection in the budget estimate; with OSR amounting to Kshs. 4,457,758,296, equitable share of Kshs. 7,232,601,918 and conditional grants by development partners amounting to Kshs. 899,990,611.
10. There was an 11.5 percent increase in own source revenue of 459,129,448, 92 percent disbursement of the equitable share with the conditional grants performing averagely with only 54% of the budgeted and allocated grants being disbursed to the County hence the major factor

for the unrealized revenue achievement being the unremitted donor funding which continues to lead to the under performance of the revenues.

11. On budget absorption, the County was able to absorb Kshs. 11,911,896,020 which translates to 75 percent of the supplementary budget of Kshs 15,990,000,000 amounting to recurrent expenditure of Kshs. 9,861,223,753 and development expenditure of Kshs 2,050,672,268 out of the budgeted amount. In view of the above the County had a 25 percent budget deficit of Kshs. 4,078,103,980.

Local Revenue

Table 1: Analysis of Local Revenue Collection Over Six Financial Years

MONTH	2018/2019	2019/2020	2020/2021	2021-2022	2022-2023	2023-2024
JULY	91,417,758	110,950,638	133,177,640	290,898,301	367,089,557	207,528,785
AUGUST	131,853,605	164,871,323	180,063,924	158,294,767	124,935,681	177,215,561
SEPTEMBER	75,372,653	195,639,679	207,752,314	324,609,448	76,843,866	181,775,384
OCTOBER	195,060,885	192,425,344	200,978,869	240,688,839	106,492,816	162,567,466
NOVEMBER	147,641,305	208,065,464	195,076,359	161,645,883	386,945,293	172,237,724
DECEMBER	362,828,365	228,108,277	162,790,308	220,922,958	339,317,651	215,196,393
JANUARY	434,584,730	286,649,313	441,650,127	498,998,855	270,132,327	493,700,462
FEBRUARY	422,738,253	421,483,469	415,598,494	479,635,817	510,261,367	489,469,385
MARCH	733,336,511	634,763,565	541,583,202	515,926,400	792,863,010	1,200,484,931
APRIL	468,186,699	203,268,450	280,251,148	290,568,789	420,946,047	265,269,807
MAY	203,642,080	160,817,790	211,868,868	138,306,690	393,590,939	358,003,900
JUNE	405,994,209	508,759,315	343,741,925	299,135,806	209,210,294	534,308,498
TOTAL	3,672,657,053	3,315,802,627	3,314,533,178	3,619,632,553	3,998,628,848	4,457,758,296

Figure 1: Comparison of OSR from 2018/19 – 2023/24 FYs

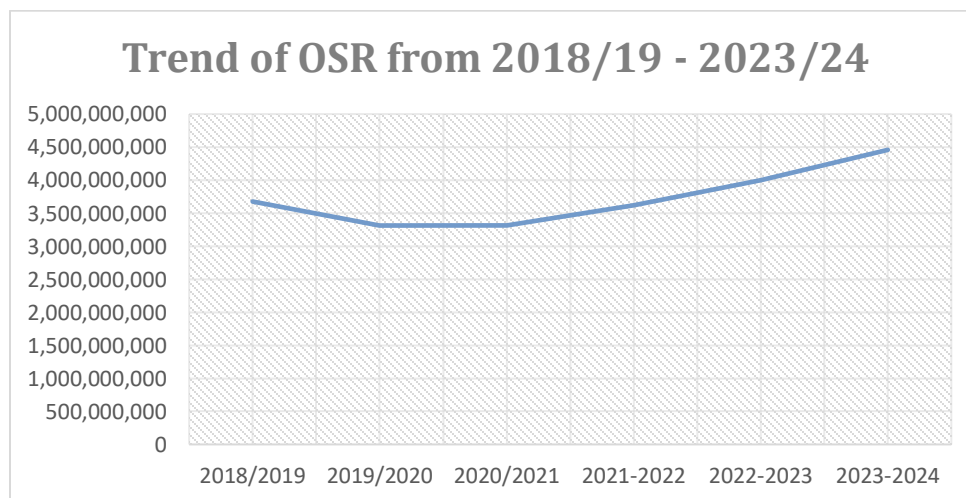
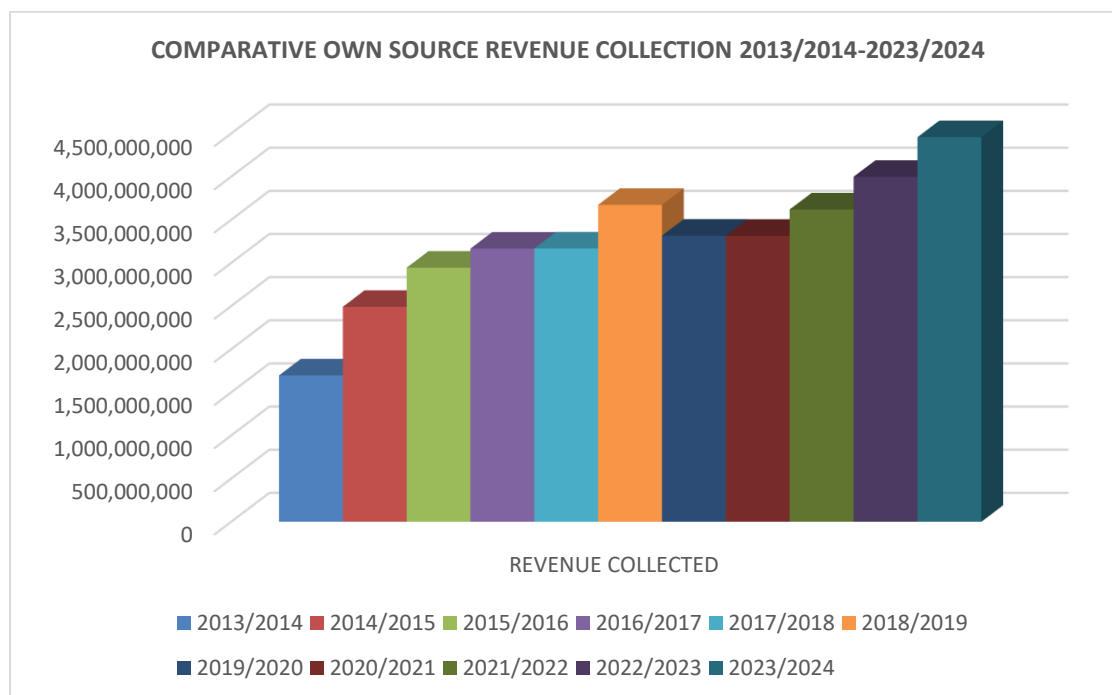


Table 2: Analysis of Total Own Source Revenue Collection 2013/2014- 2023/2024 FYs

FINANCIAL YEAR	REVENUE COLLECTED
2013/2014	1,696,542,251
2014/2015	2,491,655,330
2015/2016	2,944,968,224
2016/2017	3,166,240,961
2017/2018	3,168,013,709
2018/2019	3,672,657,053
2019/2020	3,315,802,627
2020/2021	3,314,533,178
2021/2022	3,619,632,553
2022/2023	3,998,628,848
2023/2024	4,457,758,296

Figure 2: Analysis of OSR from 2013/14- 2023/24 FYs



Exchequer Issues

12. Exchequer issues from the National Government as shown below as received over the FYs.

Table 3: Actual Monthly Exchequer Issues Over Five Financial Years 2018/2019– 2023/2024 FYs

MONTH	EXCHEQUER ISSUES 2018-2019	EXCHEQUER ISSUES 2019-2020	EXCHEQUER ISSUES 2020-2021	EXCHEQUER ISSUES 2021-2022	EXCHEQUER ISSUES 2022-2023	EXCHEQUER ISSUES 2023-2024
JULY	0	0	0	0	0	668,229,525
AUGUST	430,761,965	0	0	605,388,325	643,225,095	6,000,000
SEPTEMBER	587,699,500	1,228,083,300	0	643,225,095	605,388,325	642,761,844
OCTOBER	741,181,901	632,224,439	1,164,561,750	643,225,095	0	668,229,525
NOVEMBER	875,741,969	0	828,146,904	1,248,613,420	643,225,096	628,921,906
DECEMBER	822,680,000	824,676,155	574,671,000	825,326,491	605,388,325	678,229,525
JANUARY	944,297,016	949,232,625	798,466,182	643,225,095	983,546,633	628,921,906
FEBRUARY	794,895,339	1,592,730,838	628,955,904	845,033,993	0	668,229,525
MARCH	0	564,636,000	599,925,750	605,388,325	605,388,325	0
APRIL	1,515,161,166	40,134,590	599,925,750	712,922,804	1,286,450,190	1,155,880,198
MAY	54,151,120	741,084,750	574,844,314	864,906,837	605,388,325	691,421,906
JUNE	2,449,218,601	1,517,641,228	2,293,217,209	234,558,066	2,256,150,493	1,695,766,669
TOTAL DISBURSED	9,215,788,577	8,090,443,924	8,062,714,763	7,427,273,268	8,234,150,807	8,132,592,529

Figure 3: Exchequer Issues From 2018/2019 – 2023/2024 FYs

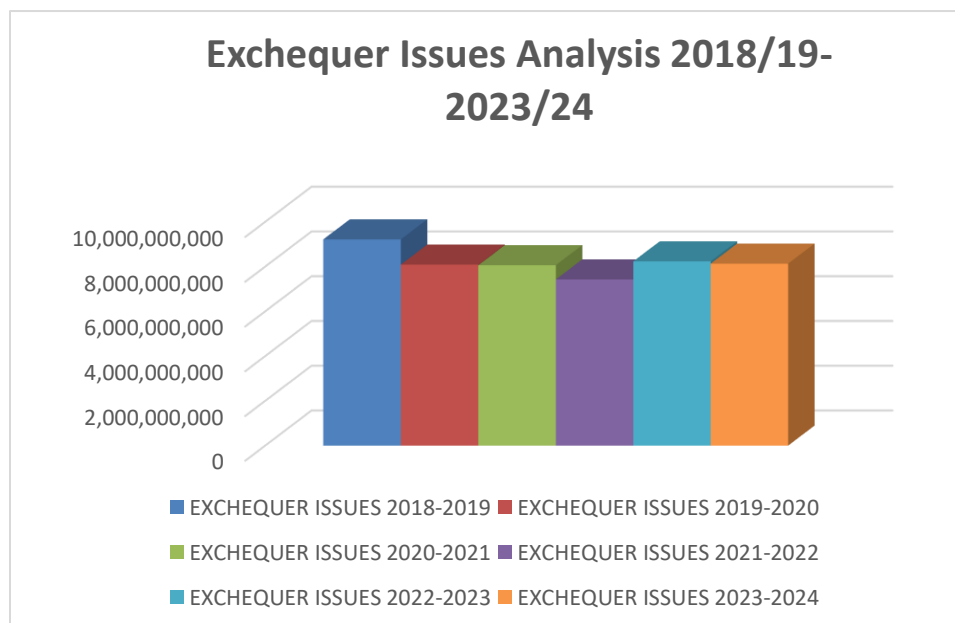
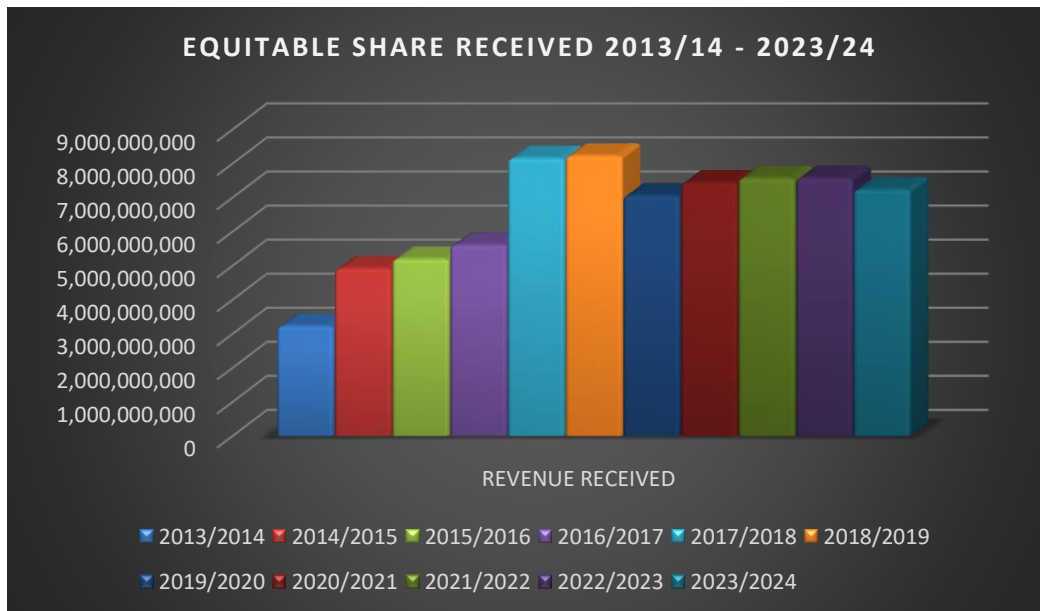


Table 4: Analysis of Total Equitable Share Disbursements from 2013/2014- 2023/2024 FYs

FINANCIAL YEAR	REVENUE RECEIVED
2013/2014	3,229,934,144
2014/2015	4,914,617,520
2015/2016	5,197,893,975
2016/2017	5,608,593,922
2017/2018	8,154,000,000
2018/2019	8,226,800,000
2019/2020	7,057,950,000
2020/2021	7,437,750,000
2021/2022	7,567,354,061
2022/2023	7,567,354,061
2023/2024	7,232,601,918

Figure 4: Analysis of Equitable Share from 2013/14- 2023/24 FYs



Grants Allocated

Table 5: Analysis of Grants Allocated and Disbursed from 2018/19 – 2023/24 FYs

GRANTS DISBURSED TO THE COUNTY							
Grant Details	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	Total
Level 5 Hospital Grant	388,439,306	388,439,306	388,439,308	-	-		1,165,317,920
User Fees Forgone	23,385,934	23,385,934	23,385,934	-	-		70,157,802
DANIDA	27,337,500	24,562,500	20,070,000	41,990,166	-	13,839,938	127,800,104
World Bank-KDSP Level I	-	30,000,000	45,000,000	-	-		75,000,000
World Bank KDSP Level II	259,416,946	-	-	201,635,625	-		461,052,571
Grant for Aggregated Industrial Parks Programme	-	-	-	-	-	62,500,000	62,500,000
World Bank-IDA: Transforming Health Systems for Universal Care Project	27,473,711	33,184,038	51,996,243	-	-	6,000,000	118,653,992
IDA(WB)-WSDP	-	247,584,920	228,221,154	-	570,120,196	497,650,673	1,543,576,943
Covid 19 Fund	-	100,168,000	-	-	-		100,168,000
Development of Youth Polytechnics	-	25,473,298	18,484,894	-	-		43,958,192
Agriculture Sector Support Program II	6,937,481	9,437,481	10,250,771	-	4,612,847		31,238,580
Road Maintenance Levy Grant	255,997,699	150,258,446	218,916,458	221,681,742	-		846,854,345
Kenya Informal Settlement Improvement Project (KISIP)	-	-	-	-	92,063,703	320,000,000	412,063,703
Total	988,988,577	1,032,493,923	1,004,764,762	465,307,533	666,796,746	899,990,611	5,058,342,152

County Departmental Expenditure

13. The figures and tables below illustrate the County’s departmental utilization of funds both in development and recurrent. They present the fiscal performance for the FY 2023/24 and the deviations from the Original and Revised budget estimates.

Table 6: Departmental Recurrent Expenditure %Age 2023-2024 FY

S/NO	DEPARTMENTS	Approved Budget FY 2023/2024	Final Budget FY 2023/2024	Expenditure Total	%age
3035	The Executive	174,000,000	120,631,836	82,561,943	68.4
3013	Public Service Board	131,400,000	145,363,603	124,630,357	85.7
3014	Finance and Economic Planning	1,121,500,000	1,069,880,264	1,046,411,276	97.8
3027	Environment & Solid Waste Management	623,000,000	661,123,095	607,065,263	91.8
3028	Education & Digital Transformation	984,000,000	937,411,080	825,861,347	88.1
3017	Health	1,943,973,855	4,002,833,005	3,220,870,278	80.5
3029	Water, Natural Resources & Climate Change Resilience	114,000,000	92,537,357	81,824,644	88.4
3030	Public Service Administration, Youth, Gender, Social Services & Sports	1,357,000,000	1,440,220,832	1,298,777,486	90.2
3031	Tourism, Culture & Trade	390,107,190	422,517,699	406,400,206	96.2
3032	Lands, Planning, Housing and Urban Renewal	266,423,444	206,084,910	189,088,729	91.8
3022	Transport, Infrastructure and Public Works	916,000,000	821,370,499	766,251,687	93.3
3033	Blue Economy, Agriculture & Livestock	209,000,000	186,499,766	167,274,430	89.7
3034	The County Attorney	130,000,000	94,874,099	93,398,714	98.4
3012	County Assembly	914,100,000	990,944,906	950,807,393	90.9
	TOTAL	9,274,504,489	11,192,292,953	9,861,223,753	88.1

Table 7: Departmental Development Expenditure %Age 2023/2024 FY

S/NO	DEPARTMENTS	Approved Budget FY 2023/2024	Final Budget FY 2023/2024	Expenditure TOTAL	%age
3035	The Executive	25,000,000	24,950,000	5,610,886	22.5
3013	Public Service Board	20,000,000	20,000,000	0	0
3014	Finance and Economic Planning	716,000,000	405,322,577	378,675,785	93.4
3027	Environment & Solid Waste Management	164,000,000	204,508,879	115,858,139	56.7
3028	Education & Digital Transformation	166,000,000	229,800,000	128,495,342	55.9
3017	Health	1,584,026,145	663,790,000	85,193,911	12.8
3029	Water, Natural Resources & Climate Change Resilience	1,083,000,000	1,091,500,000	513,580,268	47.1
3030	Public Service Administration, Youth, Gender, Social Services & Sports	225,000,000	225,000,000	7,120,031	3.2
3031	Tourism, Culture & Trade	221,892,810	460,692,810	37,110,600	8.1
3032	Lands, Planning, Housing and Urban Renewal	559,576,556	609,576,556	355,289,193	58.3
3022	Transport, Infrastructure and Public Works	361,000,000	644,137,792	387,128,533	60.1
3033	Blue Economy, Agriculture & Livestock	250,000,000	150,000,000	36,609,582	24.4
3034	The County Attorney	0	13,428,433	0	0
3012	County Assembly	50,000,000	55,000,000	0	0
	TOTAL	5,425,495,511	4,797,707,047	2,050,672,268	42.7

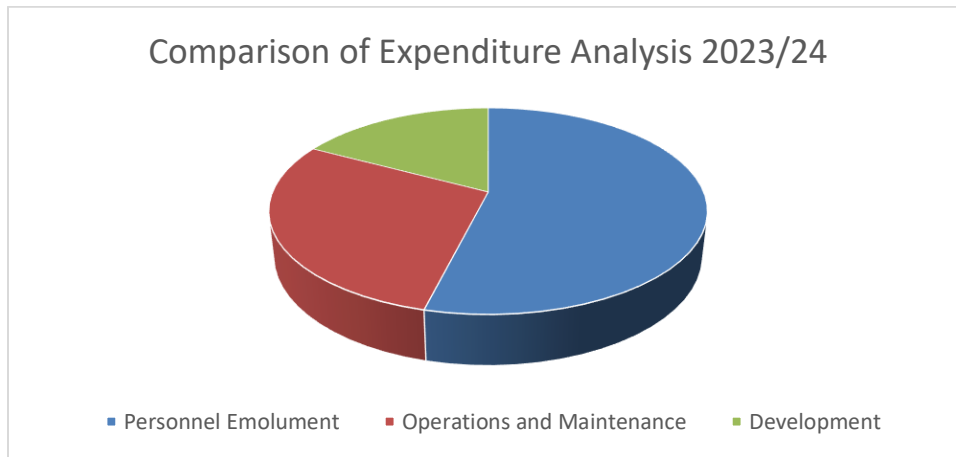
Table 8: Departmental Total Expenditure %Age 2023/2024 FY

	DEPARTMENTS	Approved Budget FY 2023/2024	Final Budget FY 2023/2024	Total Expenditure	%age
3035	The Executive	199,000,000	145,581,836	88,172,829	60.6
3013	Public Service Board	151,400,000	165,363,603	124,630,357	75.4
3014	Finance and Economic Planning	1,837,500,000	1,475,202,841	1,425,087,060	96.6
3027	Environment & Solid Waste Management	787,000,000	865,631,974	722,923,401	83.5
3028	Education & Digital Transformation	1,150,000,000	1,167,211,080	954,356,689	81.8
3017	Health	3,528,000,000	4,666,623,005	3,306,064,189	70.8
3029	Water, Natural Resources & Climate Change Resilience	1,197,000,000	1,184,037,357	595,404,912	50.3
3030	Public Service Administration, Youth, Gender, Social Services & Sports	1,582,000,000	1,665,220,832	1,305,897,517	78.4
3031	Tourism, Culture & Trade	612,000,000	883,210,509	443,510,805	50.2
3032	Lands, Planning, Housing and Urban Renewal	826,000,000	815,661,466	544,377,922	66.7
3022	Transport, Infrastructure and Public Works	1,277,000,000	1,465,508,291	1,153,380,220	78.7
3033	Blue Economy, Agriculture & Livestock	459,000,000	336,499,766	203,884,012	60.6
3034	The County Attorney	130,000,000	108,302,532	93,398,714	86.2
3012	County Assembly	964,100,000	1,045,944,906	950,807,393	90.9
	TOTAL	14,700,000,000	15,990,000,000	11,911,896,020	74.5

Table 9: County Executive Cumulative Personnel Expenditure 2023/2024 FY

Month	Total P.E Expenditure
July	-
August	704,726,230
September	787,639,736
October	17,864,477
November	921,164,535
December	200,483,213
January	662,640,216
February	453,803,117
March	599,780,245
April	221,663,509
May	578,965,720
June	1,274,246,488
Total Expenditure	6,422,977,485
Total Budgeted	6,484,413,377

Figure 5: Analysis of Expenditure by Category 2023/2024 FY



B. ADHERENCE TO FISCAL RESPONSIBILITY PRINCIPLES

14. Section 107 (2) (f) of the PFM Act, 2012 require County Treasuries to manage their fiscal risks prudently. During the review period, a number of fiscal risks have been identified in revenue and expenditure performance. These are:
- i. High expenditure on wage bill that lowers the ability of the county government to meet financial obligations on operations & maintenance and development requirements; and,
 - ii. Underperformance in OSR, which results to unfunded budgets resulting to accumulation of pending bills.
 - iii. Late disbursement of equitable share and undisbursed grants that has greatly affected the development budget absorption.
 - iv. High levels of pending bills that negatively affects effective delivery of public services as well as local business development;
15. As at 30th June 2024, the total stock of pending bills for the County Executive stood at Ksh 4.4 billion.

Table 10: Cumulated Pending Bills at 30th June 2024

TRADING PARTNER	ORIGINAL AMOUNT	ADDITIONS	PAID	BALANCE 2023-2024
Construction of buildings	700,201,990.16	0.00	64,371,623.73	635,830,366.43
Construction of Civil works	961,089,256.90	195,505,085.30	90,214,806.75	1,066,379,535.5
Supply of Goods	381,352,107.38	19,174,081.30	24,588,791.95	375,937,396.73
Supply of Services	876,983,808.75	34561972.80	34,561,972.80	876,983,808.75
PENDING ACCOUNTS PAYABLE	2,919,627,163.19	249,241,139.40	213,737,195.23	2,955,131,107.36
Employee Pending Bills	1,247,024,547.66	493,631,930.87	255,215,343.65	1,485,441,134.88
PENDING STAFF PAYABLES	1,247,024,547.66	493,631,930.87	255,215,343.65	1,485,441,134.88
TAXES	88,498,346.92	0.00	88,498,346.92	0.00
OTHER PENDING PAYABLES	88,498,346.92	0.00	88,498,346.92	0.00
TOTAL PENDING BILLS	4,255,150,058	742,873,070.27	557,450,885.80	4,440,572,242.24

Growth of Executive Expenditure from 2018/2019-2023/2024 FY

Table 11: Analysis of Executive Expenditure from 2018/2019-2023/2024 FY

S NO.	DEPARTMENTS	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
3011	County Executive	367,868,652	170,907,637	134,579,861	124,868,359	134,811,934	88,172,829
3013	Public Service Board	82,182,927	42,223,122	57,481,487	53,739,218	87,803,620	124,630,357
3014	Finance & Economic Planning	2,724,996,907	1,929,435,855	1,674,353,623	1,661,433,513	1,355,581,695	1,425,087,060
3015	Environment, Waste Management and Energy	737,985,956	507,605,972	581,863,283	541,024,948	669,774,046	-
3027	Environment & Solid Waste Management	-	-	-	-	-	722,923,401
3016	Education, Information Technology & MV 2035	452,661,776	429,302,668	553,209,274	208,472,630	503,051,504	-
3028	Education & Digital Transformation	-	-	-	-	-	954,356,689
3017	Health Services	3,242,469,680	3,261,210,911	3,166,401,627	2,067,494,451	5,277,309,931	3,306,064,189
3018	Water, Sanitation & Natural Resources	68,635,562	282,665,964	333,232,081	236,462,366	642,268,728	-
3029	Water, Natural Resources & Climate Change Resilience	-	-	-	-	-	595,404,912
3019	Youth, Gender, Sports & Cultural Affairs	280,429,106	181,268,380	454,099,872	303,179,857	146,682,243	-
3030	Public Service Administration, Youth, Gender, Social Services & Sports	-	-	-	-	-	1,305,897,517
3020	Trade, Tourism & Investment	486,693,687	286,680,390	450,113,691	366,410,252	430,794,137	-
3031	Tourism, Culture & Trade	-	-	-	-	-	443,510,805
3021	Lands, Housing & Physical Planning	311,766,515	214,961,915	487,982,311	242,381,419	289,821,422	-
3032	Lands, Planning, Housing and Urban Renewal	-	-	-	-	-	544,377,922
3022	Transport & Infrastructure & Public Works	2,017,723,065	1,239,171,000	1,121,356,757	889,900,518	1,059,969,882	1,153,380,220
3023	Agriculture, Fisheries, Livestock & Cooperatives	325,189,634	141,925,916	175,574,698	126,438,905	193,519,629	-
3033	Blue Economy, Agriculture & Livestock	-	-	-	-	-	203,884,012
3026	Devolution & Public Service Administration	1,621,225,848	1,389,053,177	1,107,593,596	2,172,829,629	905,522,554	-
3034	The County Attorney	-	-	-	-	-	93,398,714
	Total Expenditure	12,719,829,315	10,076,412,906	10,889,466,230	8,994,636,065	11,696,911,326	10,961,088,627
	Budgeted	13,689,901,837	12,925,617,143	13,066,172,243	13,120,745,608	13,095,216,980	14,944,055,093
	% Absorption	93	76	83	69	89	73

Figure 6: Percentage Budget Absorption 2018/19 – 2023/24 FYs

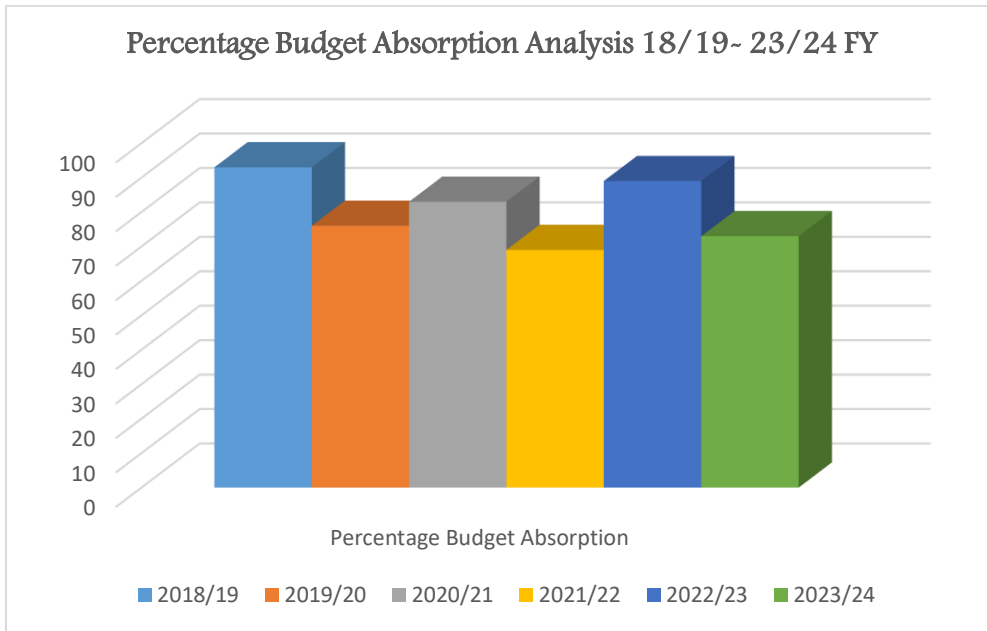
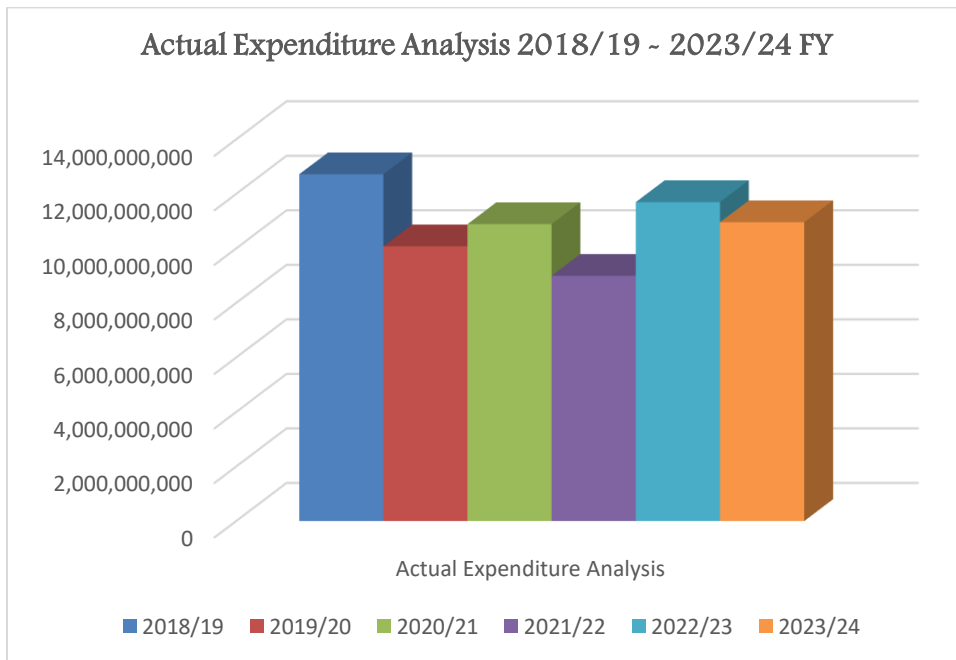


Figure 7: Actual Expenditure Analysis 2018/19 – 2023/24 FYs



County Budget Expenditure by Programmes FY 2023/24 FY

Table 12: Expenditure by Programmes 2023/2024 FY

DEPARTMENT & PROGRAMMES	EXPENDITURE	Original Budget FY 2023/2024	Final Budget FY 2023/2024	Actual on Comparable Basis	Budget Utilization Difference
3035 THE EXECUTIVE					
Governor's and Deputy Governor's Affairs	RECURRENT	78,000,000	52,067,855	51,899,927	100%
	DEVELOPMENT	11,000,000	10,950,000	5,610,886	51%
Protocol, Hospitality and Communication	RECURRENT	26,000,000	12,716,441	6,057,806	48%
	DEVELOPMENT	14,000,000	10,000,000	0	
County Secretary & Cabinet Affairs	RECURRENT	26,000,000	19,192,650	8,069,662	42%
	DEVELOPMENT	0	4,000,000	0	0%
Governor's Advisory Council, Special Programs, Intergovernmental and External Relations	RECURRENT	24,500,000	32,840,880	14,143,668	43%
	DEVELOPMENT	0	0	0	
Governor's Delivery Unit, Policy, Planning & Research	RECURRENT	19,500,000	3,814,010	2,390,880	63%
	DEVELOPMENT	0	0	0	
Total		199,000,000	145,581,836	88,172,829	60.6%
3012 COUNTY ASSEMBLY					
General Administration and Planning	RECURRENT	674,720,738	703,372,525	950,807,393	135%
	DEVELOPMENT	0	5,000,000	0	0
Legislation, Oversight and Representation	RECURRENT	239,379,262	287,572,381	0	0%
	DEVELOPMENT	50,000,000	50,000,000	0	0%
Total		964,100,000	1,045,944,906	950,807,393	90.9%
3013 COUNTY PUBLIC SERVICE BOARD					
General Administration and Human Resource Policies	RECURRENT	131,400,000	145,363,603	124,630,357	86%
	DEVELOPMENT	20,000,000	20,000,000	0	0%
Total		151,400,000	165,363,603	124,630,357	75.4%
3014 FINANCE AND ECONOMIC PLANNING					
General Administration, Planning and Support Services	RECURRENT	1,068,186,927	963,152,633	958,020,713	99%
	DEVELOPMENT	703,000,000	383,672,577	364,043,300	95%
Financial Management Services-Accounting Unit	RECURRENT	23,601,372	53,580,680	46,279,851	86%

DEPARTMENT & PROGRAMMES	EXPENDITURE	Original Budget FY 2023/2024	Final Budget FY 2023/2024	Actual on Comparable Basis	Budget Utilization Difference
	DEVELOPMENT	11,000,000	19,650,000	14,632,485	74%
Economic Planning and Policy formulation	RECURRENT	29,711,701	53,146,951	42,110,711	79%
	DEVELOPMENT	2,000,000	2,000,000	0	0%
Total		1,837,500,000	1,475,202,841	1,425,087,060	96.6%
3027 ENVIRONMENT & SOLID WASTE MANAGEMENT					
Administration, Planning and Support Services	RECURRENT	462,632,991	520,823,046	522,790,400	100%
	DEVELOPMENT	43,333,334	49,756,354	25,211,766	51%
Environment Compliance and Enforcement	RECURRENT	79,855,670	66,095,221	40,320,267	61%
	DEVELOPMENT	46,333,333	60,767,341	36,508,708	60%
Solid Waste Management	RECURRENT	80,511,339	74,204,828	43,954,596	59%
	DEVELOPMENT	74,333,333	93,985,184	54,137,664	58%
Total		787,000,000	865,631,974	722,923,401	83.5%
3028 EDUCATION & DIGITAL TRANSFORMATION					
General Administration, Planning and Support Services	RECURRENT	309,766,000	367,095,340	366,352,296	100%
	DEVELOPMENT	23,000,000	32,000,000	14,956,219	47%
Early Childhood Education	RECURRENT	18,500,000	10,264,613	70,500	1%
	DEVELOPMENT	101,000,000	101,000,000	35,919,445	36%
Vocational Training & Education	RECURRENT	17,500,000	8,135,387	288,850	4%
	DEVELOPMENT	5,000,000	5,000,000	2,235,177	
Child Care	RECURRENT	2,500,000	1,705,600	722,328	42%
	DEVELOPMENT	0	50,000,000	0	0%
Elimu Fund	RECURRENT	583,000,000	502,933,500	430,781,134	86%
	DEVELOPMENT	0	0	48,375,000	0%
Digital Transformation	RECURRENT	52,734,000	47,276,640	27,646,238	58%
	DEVELOPMENT	37,000,000	41,800,000	27,009,501	65%
Total		1,150,000,000	1,167,211,080	954,356,689	81.8%

DEPARTMENT & PROGRAMMES	EXPENDITURE	Original Budget FY 2023/2024	Final Budget FY 2023/2024	Actual on Comparable Basis	Budget Utilization Difference
3017 HEALTH SERVICES					
Administration Unit	RECURRENT	1,719,690,329	3,181,837,253	3,170,864,248	100%
	DEVELOPMENT	212,285,497	96,000,000	66,468,861	69%
Preventive and Promotive Health services	RECURRENT	69,402,768	20,625,044	8,071,339	39%
	DEVELOPMENT	5,790,000	5,790,000	801,552	14%
Curative/Clinical Health Services	RECURRENT	118,729,822	790,779,759	38,689,578	5%
	DEVELOPMENT	1,364,729,648	562,000,000	17,923,498	3%
Special Programs	RECURRENT	36,150,937	9,590,950	3,245,113	34%
	DEVELOPMENT	1,221,000	0	0	0%
Total		3,528,000,000	4,666,623,005	3,306,064,189	71%
3029 WATER, NATURAL RESOURCES & CLIMATE CHANGE RESILIENCE					
Administration unit	RECURRENT	70,906,170	83,378,277	77,644,713	93%
	DEVELOPMENT	1,000,000,000	1,003,500,000	497,650,672	50%
Natural Resources Management	RECURRENT	8,543,830	191,330	0	0%
	DEVELOPMENT	22,500,000	22,500,000	2,997,000	13%
Sanitation Services and Management	RECURRENT	3,050,000	100,000	98,276	98%
	DEVELOPMENT	10,000,000	10,000,000	4,360,500	44%
Water Supply and Management	RECURRENT	7,100,000	2,600,000	2,590,276	100%
	DEVELOPMENT	15,000,000	20,000,000	8,488,379	42%
Renewable Energy	RECURRENT	6,500,000	365,000	0	0%
	DEVELOPMENT	2,000,000	2,000,000	0	0%
Climate Resilience	RECURRENT	17,900,000	5,902,750	1,491,379	25%
	DEVELOPMENT	33,500,000	33,500,000	83,717	0%
Total		1,197,000,000	1,184,037,357	595,404,912	50.3%

DEPARTMENT & PROGRAMMES	EXPENDITURE	Original Budget FY 2023/2024	Final Budget FY 2023/2024	Actual on Comparable Basis	Budget Utilization Difference
3030 PUBLIC SERVICE ADMINISTRATION, YOUTH, GENDER, SOCIAL SERVICES & SPORTS					
Administration planning and support services	RECURRENT	940,872,839	1,118,888,012	1,075,197,226	96%
	DEVELOPMENT	11,000,000	11,000,000	1,526,900	14%
Human Resource Management & Development	RECURRENT	219,434,994	200,370,483	160,082,891	80%
	DEVELOPMENT	0	0	0	
County Administration & Decentralized Services	RECURRENT	19,853,424	9,571,046	3,892,256	41%
	DEVELOPMENT	105,000,000	105,000,000	1,708,182	2%
Enforcement, Compliance & Disaster Management	RECURRENT	21,588,744	69,892,140	36,083,610	52%
	DEVELOPMENT	19,000,000	19,000,000	0	0%
Youth Affairs & Sports Development	RECURRENT	121,000,000	20,685,212	11,499,707	56%
	DEVELOPMENT	70,000,000	70,000,000	0	0%
Gender, PWD Integration & Social Services	RECURRENT	34,250,000	20,813,940	12,021,795	58%
		20,000,000	20,000,000	3,884,949	19%
Total		1,582,000,000	1,665,220,832	1,305,897,517	78.4%
3031 TOURISM, CULTURE & TRADE					
General Administration Planning & support services	RECURRENT	314,945,978	384,315,769	385,662,206	100%
	DEVELOPMENT	0	0	0	
Trade Development and Markets/ Consumer Protection	RECURRENT	14,900,000	15,433,690	14,163,762	92%
	DEVELOPMENT	125,000,000	324,800,000	7,666,596	2%
E-Licensing & Services	RECURRENT	9,801,997	2,564,281	1,211,948	47%
	DEVELOPMENT	2,500,000	2,500,000	0	0%
Tourism Marketing and Product Development	RECURRENT	33,559,215	9,228,569	2,558,924	28%
	DEVELOPMENT	89,392,810	129,392,810	29,444,003	
Cultural Affairs	RECURRENT	7,600,000	4,507,070	1,495,145	33%
	DEVELOPMENT	0	0	0	0%
Co-operative Development	RECURRENT	9,300,000	6,468,320	1,308,221	20%
	DEVELOPMENT	5,000,000	4,000,000	0	0%
Total		612,000,000	883,210,509	443,510,805	50.2%

DEPARTMENT & PROGRAMMES	EXPENDITURE	Original Budget FY 2023/2024	Final Budget FY 2023/2024	Actual on Comparable Basis	Budget Utilization Difference
3032 LANDS, PLANNING, HOUSING AND URBAN RENEWAL					
Administration planning and support services	RECURRENT	172,157,269	166,811,475	162,636,387	97%
	DEVELOPMENT	55,576,556	55,576,556	4,756,303	1%
Housing Development & Management	RECURRENT	11,350,000	2,282,350	232,350	10%
	DEVELOPMENT	281,000,000	351,000,000	326,860,782	93%
Urban Renewal	RECURRENT	64,050,000	32,845,200	24,808,632	76%
	DEVELOPMENT	190,000,000	170,000,000	23,672,108	14%
Land Administration and Valuation	RECURRENT	15,566,175	3,045,885	1,411,360	46%
	DEVELOPMENT	2,000,000	2,000,000	0	0%
Physical Planning	RECURRENT	3,300,000	1,100,000	0	0%
	DEVELOPMENT	31,000,000	31,000,000	0	0%
Total		826,000,000	815,661,466	544,377,922	66.7%
3022 TRANSPORT, INFRASTRUCTURE & PUBLIC WORKS					
General Administration and Support Services	RECURRENT	718,675,000	733,889,111	712,436,004	97%
	DEVELOPMENT	0	0	1,742,674	0%
Roads Infrastructure Development	RECURRENT	18,400,000	8,459,199	3,516,714	42%
	DEVELOPMENT	245,000,000	496,091,550	330,268,168	67%
Transportation Management	RECURRENT	8,200,000	707,729	306,401	43%
	DEVELOPMENT	12,000,000	51,046,242	22,801,911	45%
County Public Works	RECURRENT	27,650,000	3,727,799	2,381,158	64%
	DEVELOPMENT	23,000,000	18,000,000	2,967,585	16%
Mechanical and Electrical Services	RECURRENT	75,600,000	50,088,844	29,940,517	60%
	DEVELOPMENT	6,000,000	6,000,000	0	0%
Safety, Risk and Disaster Management Services	RECURRENT	67,475,000	24,497,817	17,670,894	72%
	DEVELOPMENT	75,000,000	73,000,000	29,348,194	40%
Total		1,277,000,000	1,465,508,291	1,153,380,220	78.7%

Mombasa County Budget Review and Outlook Paper 2024

DEPARTMENT & PROGRAMMES	EXPENDITURE	Original Budget FY 2023/2024	Final Budget FY 2023/2024	Actual on Comparable Basis	Budget Utilization Difference
3033 BLUE ECONOMY, AGRICULTURE & LIVESTOCK					
Administration Unit-Headquarters	RECURRENT	144,000,000	154,131,251	148,739,265	97%
	DEVELOPMENT	10,000,000	10,000,000	3,511,730	35%
Crops Development	RECURRENT	18,368,785	10,120,281	4,184,864	41%
	DEVELOPMENT	35,000,000	35,000,000	10,544,959	30%
Livestock Production	RECURRENT	14,010,000	7,899,820	6,139,516	78%
	DEVELOPMENT	30,653,701	30,653,701	16,338,590	53%
Fisheries Development	RECURRENT	16,800,000	7,240,473	3,730,994	52%
	DEVELOPMENT	154,346,299	54,346,299	0	0%
Veterinary Services	RECURRENT	15,821,215	7,107,942	4,479,791	63%
	DEVELOPMENT	20,000,000	20,000,000	6,214,303	31%
Total		459,000,000	336,499,766	203,884,012	60.6%
3034 THE COUNTY ATTORNEY					
General Administration & Legal Services	RECURRENT	130,000,000	94,874,099	93,398,714	98%
	DEVELOPMENT	0	13,428,433	0	0%
Total		130,000,000	108,302,532	93,398,714	86.2%
MOMBASA COUNTY CONSOLIDATED		14,700,000,000	15,990,000,000	11,911,896,020	74.5%

16. From the expenditure analysis above, no department absorbed 100% of their budget with Finance and Economic Planning having the highest expenditure (96.6%), and County Assembly (90.9%), Tourism, Culture and Trade had the lowest absorption at 50.2% followed closely by Water, Natural Resources and Climate Change Resilience at 50.3%. The under absorption was mainly due and unrealized revenue projected own source revenue, late disbursement of the equitable share allocation as well as undisbursed conditional grants.

Detailed Revenue Analysis 2023-2024 FY

Table 13: Total Exchequer Issues 2023-2024 FY

Revenue Item	Annual Budgeted	Total Receipt	%
Equitable share	7,861,523,820	7,232,601,918	92
GRANTS			
Agriculture Sector Support Program II	2,512,539	-	0
Kenya Marine Fisheries and Socio-Economic Development (KEMFSED)	39,346,299	-	0
Fertilizer Subsidy Programme	6,495,711	-	0
Conditional Grant for transfer Library services	5,635,387	-	0
Allocation for court fines	13,428,433	-	0
DANIDA	12,878,250	13,839,938	107.8
World Bank -Transforming Health Systems for Universal Care Project (THUSP)	-	6,000,000	-
Finance Locally - Led Climate Action Program (FLOCA)	125,000,000	-	0
World Bank - Kenya Informal Settlement Improvement Project (KISIP)	320,000,000	320,000,000	100.0
Aggregated Industrial Parks Programme	250,000,000	62,500,000	25.0
Finance Locally - Led Climate Action Program (FLOCA)	11,000,000	-	0
Water & Sanitation Development Program – World Bank Fund	1,000,000,000	497,650,673	49.8
Mineral Royalties	18,830	-	-
Total Grants	1,661,315,449	899,990,611	54.2
Total Exchequer Issues	10,133,643,003	8,132,592,529	80.3

Table 14: Total Local Revenue Collected 2023-2024 FY

Description	Period ended 30 June 2024	Comparative period prior year* 30 June 2023
	Kshs	Kshs
County Own Source Revenue		
Cess	503,007,032	363,097,851
Land Rate	934,629,934	810,517,465
Single/Business Permits	595,882,704	569,545,828.50
Property Rent	22,005,668	17,026,775.50
Parking Fees	664,922,266	566,639,973
Market Fees	62,498,558	32,053,961
Advertising	134,181,017	143,854,777
Public Health Service Fees	1,128,231,166	1,245,010,845.23
Physical Planning and Development	345,283,567	188,272,682.77
Hire Of County Assets	3,530,500	5,275,489
Conservancy Administration	12,384,484	4,566,882
Administration Control Fees and Charges	50,823,490	47,295,643
Other Fines, Penalties, And Forfeiture Fees	377,910	5,470,675
Total County Own Source Revenue	4,457,758,296	3,998,628,848

Table 15: Local Revenue Analysis Detailed 2023/2024 FY

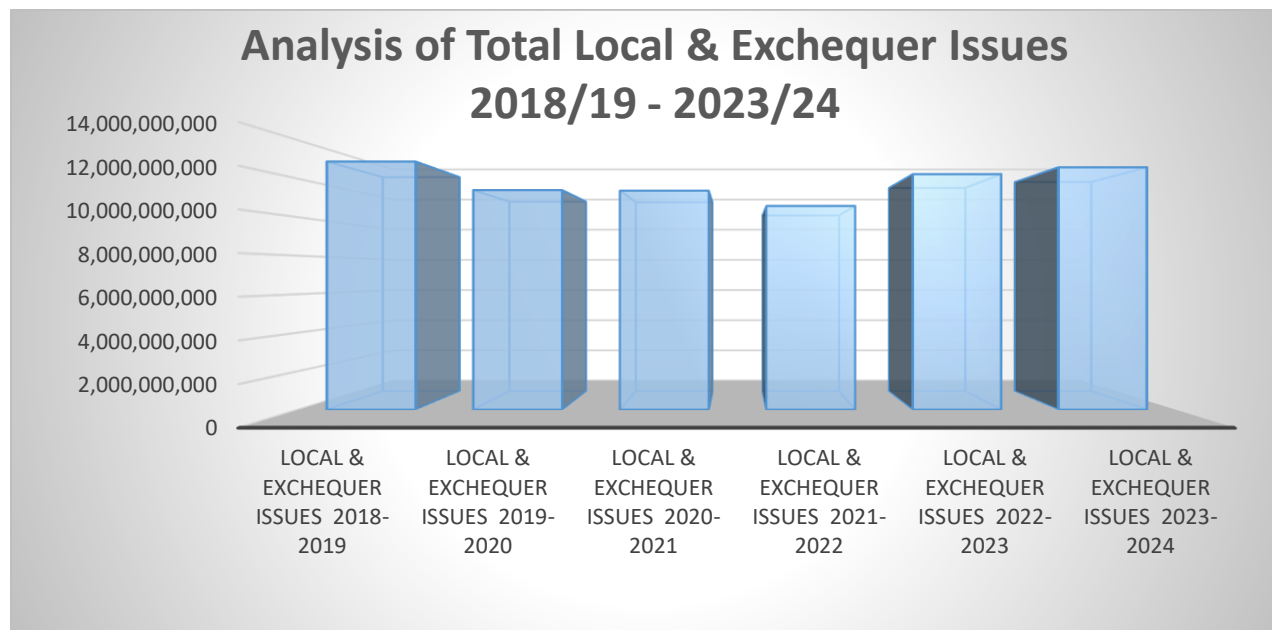
REVENUE.	GRAND TOTALS 2023-2024 KSHS.	ANNUAL BUDGETED 2023-2024 KSHS.	%
DEVOLUTION & PUBLIC SERVICE ADMINISTRATION			
Court Fines	265,910	34,200,000	1
Cash Bail	112,000	25,800,000	0
TOTAL	377,910	60,000,000	1
FINANCE & ECONOMIC PLANNING			
Document Search Fee	3,500	39,500	9
Cess Fees	502,704,540	712,668,963	71
TOTAL	502,708,040	712,708,463	71
TRADE, TOURISM & INVESTMENT			
Liquor	43,836,500	70,000,000	63
Market Entrance /Gate Fee	10,482,099	10,306,000	102
Market Stalls Rent	23,707,227	56,302,948	42
Market Shelters Fee	10,480	0	
Offloading	387,893	110,960	350
Hawking Fee	27,910,859	46,843,320	60
Business Subletting/Transfer Fee	170,000	790,866	21
Single Business Permit	595,712,704	811,793,838	73
TOTAL	702,217,762	926,147,932	76
YOUTH, GENDER AND SPORTS			
Social Halls	2,915,000	2,714,200.00	107
Hire of Council Grounds	225,300	269,000.00	84
TOTAL	3,140,300	2,983,200	105
EDUCATION & DIGITAL TRANSFORMATION			
Registration of Educational Facilities	3,430,000	2,724,000	126
TOTAL	3,430,000	2,724,000	126
ENVIRONMENT, WASTE MANAGEMENT & ENERGY			
Cemeteries Charges	2,374,500	2,877,000	83
Incidental charges-Tree Cutting-Environment	195,000	212,700	92
Drainage Certificate Charges	37,000	20,000	185
Garbage dumping Fee	6,579,984	5,683,600	116
TOTAL	9,186,484	8,793,300	104
AGRICULTURE, LIVESTOCK & FISHERIES			
Poultry & Meat Inspection	965,452	881,144.00	110
Horticulture Consultation fees	321,200	286,800.00	112
Livestock Certificates	69,860	81,150.00	86
Slaughter House Charges	35,132	-	
Livestock Permits	2,500	1,000.00	250
Dog Licenses	69,000	134,500.00	51
Cooperatives Audit Charges (Auditing of SACCO)	13,490	46,140.00	29
TOTAL	1,476,634	1,430,734	103
HEALTH			

REVENUE.	GRAND TOTALS 2023-2024 KSHS.	ANNUAL BUDGETED 2023-2024 KSHS.	%
Premises Inspection Fees (Medical services/Health facilities/Public health)	1,127,265,714	1,300,000,000	87
TOTAL	1,127,265,714	1,300,000,000	87
LANDS, PLANNING & HOUSING			
Valuation & Survey Fees	0	25,800.00	0
Ground Rent	27,340		
Beacon Search Pointing Fee	0	137,500	0
Change of User	0	153,900	0
Subdivision & Consolidation Fees	0	510,050	0
Survey Fee	3,540,594	152,500	2322
Other Property Charges	10,000	0	0
Buildings Plan Preparation Fee	3,259,134	4,146,592	79
Building Plan Approval Fee	329,838,789	450,000,000	73
Demolition of Structures	882,500	711,000	124
Land Rates	934,527,507	1,240,629,698	75
Hoarding & Scaffolding	0	72,300	0
Document search Fee -HDD	14,000	35,500	39
Instalment Fee (HDD Scheme)	0		
Annual Ground Rent (HDD Scheme)	4,449,399	5,816,373	76
Plot Transfer Fee	251,600	142,800	176
Plots Charges (HDD Scheme)	3,004,051	3,174,477	95
Allottees Documents	39,000	92,000	42
Housing Estates Monthly Rent-Mzizima, Changamwe, Buxton	22,005,668	29,656,128	74
TOTAL	1,301,849,582	1,735,456,618	75
TRANSPORT, INFRASTRUCTURE & PUBLIC WORKS			
Sign Boards & Advertisement Fee	134,181,017	253,593,671	53
Fire - Fighting Services/Tankers Inspection Fee	6,971,500	11,238,467	62
Fire Inspection Fees	0	19,100	0
Road Cutting Application Fees	125,000	493,500	25
Other Vehicles Enclosed Park Fees (Cars, Lorries, etc)	10,600	7,800	136
Street Parking Fees	415,639,305	498,636,942	83
PSV Parking Levy	160,665,998	185,371,470	87
Reserved Parking (Loading/Offloading)	0	0	
Reserved Parking	31,498,000	25,504,000	124
Right - of - Way/ Way- Leave Fee (KPLC, Telcom, etc)	56,946,363	131,247,800	43
TOTAL	806,037,783	1,106,112,750	73
MISCELANEOUS			
Council Vehicle Hire	0		
Debts Clearance Certificate Fee	65,087		
Sale of Council Maps	1,000		
Hearse services	2,000		
TOTAL	68,087	0	
GRAND TOTAL COLLECTION	4,457,758,296	5,856,356,997	76

Table 16: Monthly Analysis for Local & Exchequer Issues for the 2018/19-2023/24 FYs

Month	LOCAL & EXCHEQUER ISSUES 2018-2019	LOCAL & EXCHEQUER ISSUES 2019-2020	LOCAL & EXCHEQUER ISSUES 2020-2021	LOCAL & EXCHEQUER ISSUES 2021-2022	LOCAL & EXCHEQUER ISSUES 2022-2023	LOCAL & EXCHEQUER ISSUES 2023-2024
July	91,417,758	110,950,638	133,177,640	290,898,301	367,089,557	875,758,310
August	562,615,570	164,871,323	180,063,924	763,683,092	768,160,776	183,215,561
September	663,072,153	1,423,722,979	207,752,314	967,834,543	682,232,191	824,537,228
October	936,242,786	824,649,783	1,365,540,619	883,913,934	106,492,816	830,796,991
November	1,023,383,274	208,065,464	1,023,223,263	1,410,259,303	1,030,170,389	801,159,630
December	1,185,508,365	1,052,784,432	737,461,308	826,311,283	944,705,976	893,425,918
January	1,378,881,746	1,235,881,938	1,240,116,309	1,142,223,950	1,253,678,960	1,122,622,368
February	1,217,633,592	2,014,214,307	1,044,554,398	1,122,860,912	510,261,367	1,157,698,910
March	733,336,511	1,199,399,565	1,141,508,952	1,121,314,725	1,398,251,335	1,200,484,931
April	1,983,347,865	243,403,040	880,176,898	971,630,654	1,707,396,237	1,421,150,005
May	257,793,200	901,902,540	786,713,182	781,531,785	998,979,264	1,049,425,806
June	2,855,212,810	2,026,400,543	2,636,959,134	299,135,806	2,465,360,787	2,230,075,167
Total	12,888,445,630	11,406,246,551	11,377,247,941	10,581,598,288	12,232,779,655	12,590,350,825

Figure 8: Analysis Total Revenue 2018/19 – 2023/24 FYs



Revenue Analysis for 2023/2024 FY

17. The County realized Kshs 4,457,758,296 being 76 percent of the budgeted local revenue of Kshs. 5,856,356,997. The total revenue collected was Kshs 12,590,350,825 being 79 percent of the total budgeted revenue of Kshs. 15,990,000,000 of which Kshs 8,132,592,529 was total exchequer issues comprising of Kshs 899,990,611 transfers from other National Government entities as grants and donor funding while Equitable Share amounted to Kshs 7,232,601,918 which was 92 percent of the County allocation of Kshs 7,861,523,820 in the FY.
18. There was an increase in own source revenue collection of Kshs 459,129,448 which has been on an upward trajectory. This positive trend demonstrates that the county has put in place vigorous measures to ensure that the OSR continues to increase. The County realized 4.5B which is 76% of the projected revenue of 5.9B.
19. The County’s kitty for the Donor and conditional grants was Kshs 899,990,611 comprising of Kshs 497,650,673, Water & Sanitation Development Program - World Bank Fund, Kshs 13,839,938 DANIDA, Kshs 62,500,000, Grant for Aggregated Industrial Parks Programme, Kshs 6,000,000, World Bank-IDA: Transforming Health Systems for Universal Care Project and World Bank’s - Kenya Informal Settlement Improvement Project (KISIP) grant of Kshs. 320,000,000.

County Expenditure 2023/2024 FY

20. Total expenditure amounted to Kshs. 11,911,896,020 against a target of Ksh 15,990,000,000 representing an under spending of Kshs. 4,078,103,980 which is 25.5 percent deviation from the revised budget. The shortfall was attributed to lower absorption in both recurrent and development expenditures due to unrealized own source revenues as well as the undisbursed equitable share and donor grants.
21. The County had a 74.5% absorption rate which is a 14.8% drop from 89.3% in the previous FY due to an increase in the absolute budget figure of 2 billion.
22. Recurrent expenditure amounted to 9.9 billion which comprised of personnel emoluments of 6.4 billion, 3.5 billion for operations and maintenance for all the departments.
23. Development expenditure was 2.1 billion compared to a target of 4.8 billion. This represented an under-spending of approximately 2.7 billion which translates to 57.3 percent deviation from the approved development expenditure. The underperformance in development expenditure was majorly contributed by unrealized local revenue and lack of disbursement of part of the World Bank's Water and Sanitation Grant.
24. In arriving at the revenues and expenditures above, the cash basis was used and therefore uncollected revenues, commitments and pending bills were excluded.

Overall, Balance and Financing 2023/2024 FY

25. Reflecting the above performance in revenue and expenditure, the County had an absorption rate of 74.5 percent of the overall budget.
26. The County had a fiscal deficit of Kshs. 3.4 billion to finance which was attributed to unrealized revenues.

Implication of 2023/24 fiscal performance on the set financial objectives

27. The performance in the FY 2023/24 has affected the financial objectives set out in the latest CFSP and the Budget for FY 2024/25 in the following ways:
28. The county will continuously look into ways of enhancing local revenue collection and achieving greater efficiency in terms of cost savings in recurrent expenditure to ensure priority is given to the development projects.
29. Maintaining a lean workforce through halting of new recruitment unless for the key cadre of staff will assist in checking the wage bill. This will create fiscal space for spending on the key county priorities especially in the social sectors and other development programmes. This will further provide adequate room for future countercyclical fiscal policy in the event of a shock.
30. Fiscal consolidation while ensuring that county resources are adequate to promote growth. The County Government is committed to a reduction in the recurrent expenditure to devote more resources to

development. At least thirty percent of the total county revenue shall be used in the implementation of development projects.

31. In addition, the county will continue venturing in public private partnerships with potential local and foreign investors and other development partners to assist in development of the county.
32. While we expect the economy to remain resilient, our projections remain cautious. We expect the revenue growth to be on an upward trend in 2024/25 henceforth from all the revenue streams.
33. Notably is the fact that Departments have been taking measures to ensure that they prioritize projects and programs that they are able to implement in the short term which has increased the overall Departmental absorption rate and this trend should be maintained if not improved further.
34. The county Government is in a transition period and thus will be keen in laying out strategies that will improve our fiscal space without negating on the gains that have been realized so far.

Table 17: Comparison between the Budgeted Revenue for the 2024/25 FY, 2025/26 - 2027/28 FYs Projections

Revenue Stream	Budgeted 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28
Road maintenance fees	131,914,493	133,233,638	134,565,975	135,911,634
Advertisement income	160,664,188	162,270,830	163,893,538	165,532,473
Parking fees	600,000,000	606,000,000	612,060,000	618,180,600
Fire brigade & ambulance fees	94,572,460	95,518,184	96,473,366	97,438,100
Total	987,151,141	997,022,652	1,006,992,879	1,017,062,807
Plot rent & related charges	19,358,612	19,552,198	19,747,720	19,945,198
Development control income	61,927,203	62,546,475	63,171,940	63,803,659
Structural Submission/Approval Fees	411,505,067	415,620,118	419,776,319	423,974,083
Land rates and related fees	1,190,629,698	1,202,535,995	1,214,561,355	1,226,706,968
Housing Estates Monthly Rent	29,208,993	29,501,083	29,796,094	30,094,055
Valuation & Survey Fees	40,772,128	41,179,849	41,591,648	42,007,564
Total	1,753,401,702	1,770,935,719	1,788,645,076	1,806,531,526
Stadium & Other Playing Fields	5,000,000	5,050,000	5,100,500	5,151,505
Social halls hire	8,400,000	8,484,000	8,568,840	8,654,528
Total	13,400,000	13,534,000	13,669,340	13,806,033
Legal department fees	1,504,731	1,519,778	1,534,976	1,550,326
General enforcement charges	5,630,146	5,686,448	5,743,312	5,800,745
Court Fines	30,180,981	30,482,791	30,787,619	31,095,495
Total	37,315,859	37,689,017	38,065,907	38,446,566
Hotel Levy	33,294,404	33,627,348	33,963,621	34,303,258
Sand, Gravel, and Ballast Extraction Fees	580,000,000	585,800,000	591,658,000	597,574,580
Market collection	351,706,351	355,223,415	358,775,649	362,363,405
Business permit fees	967,823,796	977,502,034	987,277,054	997,149,825

Revenue Stream	Budgeted 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28
Total	1,932,824,551	1,952,152,796	1,971,674,324	1,991,391,068
Registration of Child Care Facilities	9,559,000	9,654,590	9,751,136	9,848,647
Total	9,559,000	9,654,590	9,751,136	9,848,647
Meat Inspection/Permit	2,300,000	2,323,000	2,346,230	2,369,692
Boat Operations	3,700,000	3,737,000	3,774,370	3,812,114
Total	6,000,000	6,060,000	6,120,600	6,181,806
Tender Documents Sale	1,413,164	1,427,295	1,441,568	1,455,984
Financial related income	5,850,277	5,908,780	5,967,868	6,027,546
Total	7,263,441	7,336,075	7,409,436	7,483,530
Clinic cost sharing charges & Other services	1,249,998,988	1,326,192,472	1,433,447,891	1,521,775,864
Total	1,249,998,988	1,326,192,472	1,433,447,891	1,521,775,864
Total Local Revenue	5,996,914,680	6,120,577,321	6,275,776,588	6,412,527,848

Updated Expenditure Projections against CFSP' 24 Projections, 2025/26- 2027/28 FYs

35. Given the above deviations, the revision in revenues and expenditures will be based on the revised assumptions contained in this CBROP and which will be firmed up in the context of the next CFSP. The CG will not deviate from the fiscal responsibility principles, but will make appropriate modification to the CFSP 2025, the financial objectives contained in the latest CFSP, to reflect the changed circumstances.
36. The County Government is in the process of operationalizing the Mombasa County Revenue Administration Bill whose enactment provides a legislative framework for the general administration of revenue collected by the County Government. The County undertakes periodical upgrading of its automated revenue collection systems in all the major own source revenue streams in order to reduce leakages, improve efficiency and effectiveness hence increasing own source revenue collection. In addition, we also envisage stability in interest rates and exchange rates as a result of the National Government policies to promote access to credit for private sector and boost investments and consumption thus stimulating the County's economic growth.
37. Additional risks could emanate from public spending pressures especially on the recurrent expenditures including implementation of the approved CBA that will lead to an increase in the personnel emolument budget.
38. The fiscal framework for the financial year 2024/25 and in the medium term entails a deliberate effort to continue exercising prudence in public expenditure management with the principal goal of containing fiscal risks, gradually lowering the fiscal deficit, and adopting austerity measures to deter increase of recurrent expenditures in favor of productive capital spending.

39. To achieve this, the Government endeavors to prioritize expenditure in the priority programmes in Revamping of quality and affordable health services, Youth, Women Empowerment, Cohesion and Inclusivity, Education and Training, Streamlined waste management services, Investment Promotion, Infrastructure Development, Land management and affordable Housing services under the medium-term expenditure framework (MTEF). The overall objective of this is to realize sustainable, shared and equitable growth that would in return lead to accelerated job creation and improved livelihoods for the citizenry.

C. COUNTY'S COMPLIANCE WITH FISCAL RESPONSIBILITY PRINCIPLES

Recurrent Expenditure as a Percentage of Total Revenue

40. Section 107(2) of the PFM Act 2012 provides that the County Government's recurrent expenditure shall not exceed the County Government's total revenue. In the FY 2023/24, the county's final supplementary budget allocation for recurrent expenditure was 11.2 billion out of the total budget of 16 billion which translated to 70%.
41. The recurrent expenditure at the end of the FY was 9.9B which is 88% of the recurrent budget, of which 6.4 billion was spent on personnel emoluments and the balance 3.5 billion servicing the operations and maintenance costs.

Development Budget as a Percentage of the Total Budget

42. PFM Act 2012, requires that a minimum of thirty percent of the National and County Governments' budget shall be allocated to the development expenditure over the medium term. The County Governments' approved development budget for the FY 2023/24 accounted for 30 percent of the total budget which was 4.8 billion hence conforming to the requirement as per Section 107 (2) (b) of the Public Finance Management (PFM) Act, 2012.
43. The actual development expenditure for the FY 2023/24 accounted for 43 % of the total development budget which was 2.1 billion. The County is committed to ensuring that we reach the 30% development budget execution in the medium term.
44. The underperformance in the execution of development expenditure has been constrained by the inability of the County Government to fully realize the projected OSR and delays in transfer of disbursements by the National Government especially the donor grants which comprise a huge percentage of the development budget, which negatively impacts execution of development plans due to delays in project planning and implementation.

Expenditure on Wage Bill as a Percentage of Total Revenue

45. Regulation 25 (1) (a) and (b) of the PFM (County Governments) Regulations 2015 provides that the County Governments' expenditure on wages and benefits for its public officers shall not exceed thirty-five (35) percent of the County Government's total revenue. The budget allocation for personnel emolument in the 2023/24 FY was 6.4 billion translating to 43% of the total budget of 16 billion which was absorbed in totality.
46. The county is grappling with a huge bloated wage bill which is above the statutory requirement of 35% since the 23/24 FY's budget was at 43%. In trying to address the problem at hand, the county continues to put up measures to halt non-essential staff recruitment, undertaking staff rationalization and redesignation as well as designing measures and modalities to increase the own source revenue collection so as to bridge the gap.

Prudent Management of Fiscal Risks

47. Section 107 (2) (f) of the PFM Act, 2012 require County Treasuries to manage their fiscal risks prudently. During the review period, a number of fiscal risks in the county were identified in revenue and expenditure performance; These are:
 - i. High expenditure on wage bill that lowers the ability of the county government to meet financial obligations on operations & maintenance and development requirements; and,
 - ii. Underperformance in OSR, which results to unfunded budgets resulting to accumulation of pending bills.
 - iii. High levels of cumulated pending bills that negatively affects effective delivery of public services as well as local business development;
 - iv. Non timely disbursement of equitable share coupled with non-remittance of donor funded grants which hampers development projects implementation.
48. In efforts to address the threat of the ballooning pending bills owed by the County Government, we are committed to progressively pay all verified pending bills currently amounting to Ksh 4.4 billion. In complying with the senate resolution, the county:
 - i. Prepared and submitted to the Controller of Budget a payment plan prioritizing payment of pending bills.
 - ii. Continues to consult with the Controller of Budget and National Treasury to guide on modalities and mobilization of resources to clear inherited pending bills.
 - iii. Budget a portion of the recurrent and development pending bills that is paid as contained in the procurement plan.
 - iv. Prepares Supplementary budgets in the third quarter or fourth quarter where possible to curb instances of arbitrary re-allocations out of the approved budget estimates.
49. The county in the last FY 23/24 honoured all the statutory deduction remittances and is in the process of clearing the accrued non-remitted statutory deductions for the months of May, June and July 2022 whose part of the amount has been factored in the 2024/25 FY approved budget to a tune of 200M

out of the owed amount of 446M, with the plans of budgeting for the balance in the supplementary budget so as to net off the remittances.

50. The County Government will continue pursuing prudent fiscal policy to ensure stability. In addition, our fiscal policy objective will provide an avenue to support economic activity while allowing for sustainable management of public finances. As such, the CG will continue honouring the repayment plan of the pending bills so as to offset all the pending bills in the shortest period possible and ensuring expenditure is strictly done guided by availability of funds going forth.
51. Fiscal policy will continue to support County development economic activities while providing a platform for the implementation of the various planned projects and programmes within a context of sustainable public financing. This process will be strengthened in the FY 2024/25 by encouraging more private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.
52. The growth of the outlook for the calendar year 2024 and the FY 2024/25 and the medium term, will be supported by the stable macroeconomic environment, ongoing investments in strategic priorities of the County Government under the Mombasa Vision 2035 to compliment the Bottom-Up Transformation Agenda (BETA), and the ongoing public investments in infrastructure projects that are envisaged to be implemented through Public Private Partnerships.
53. The County Government in its third generation CIDP 2023-2027 has ensured that it rides on the gains that has so far been realized while also putting up strategic measures to address the challenges that have so far been identified that are hindering effective service delivery to the citizenry.
54. With respect to revenue, the CG will maintain a strong revenue effort at 12 percent of Revenue Growth over the medium term. Measures to achieve this effort include upgrading of the county revenue automated systems, interdepartmental concerted efforts towards revenue collection, implementation of the finance act 2024 with a rejuvenated enforcement mechanism. In addition, the CG will rationalize existing fees and charges incentives, expand the income base as envisaged in the Constitution.
55. On the expenditure side, the CG will continue with rationalization of expenditure to improve efficiency and reduce wastage. Expenditure management will be strengthened with continued implementation of the Integrated Financial Management Information System (IFMIS) across all the departments.
56. The county will continue redirecting expenditure towards those priority programmes as identified in public consultative forums. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic welfare.

D. OTHER INTERGOVERNMENTAL FISCAL RELATIONS MATTERS

Transfer of Functions and powers between the National and County Governments

57. Articles 187 of the Constitution outlines the framework for transferring functions and powers between different levels of government. To operationalize this Article, the National Treasury, through an inter-agency taskforce, developed the Public Finance Management (Amendment) Bill, 2023. The object of the bill was to give clear legal guidelines on transfer of functions between the two levels of government. The Cabinet considered and approved the bill on 4th July 2024. The Bill is awaiting consideration by Parliament which will facilitate the transfer of functions to the County Government(s).

Capacity Building County Governments on Public Finance Management

58. Section 12 (1) (j) of PFMA, 2012 mandates the National Treasury to assist county governments to develop their capacity for efficient, effective, and transparent financial management. In this regard, the County Government personnel have benefited in a number of trainings conducted by the National Government among them; county budgeting process; Government Financial Statistics 2014; financial reporting; public procurement; and audit and compliance with fiscal responsibility principles.

Intergovernmental Agreements in respect of the Additional Conditional Allocations

59. Section 191A-E of the PFM Act 2012 requires the National Treasury to enter into intergovernmental agreements with the County Governments for transfer of conditional allocations. The National Treasury coordinated the formulation of a model Intergovernmental Agreement which was submitted to the county governments for ratification. The stakeholders noted challenges in operationalization of the intergovernmental agreement due to duplication in public participation in the budget processes and potential delay in budget execution. Consequently, the stakeholders have petitioned Parliament to consider repealing the Section 191 A-E.

III. MACROECONOMIC DEVELOPMENTS AND OUTLOOK

Recent Economic Developments

A. World Economic Outlook

60. The 2024 Budget Review and Outlook Paper (BROP) is developed when the Global economy has stabilized with global growth projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023. The outlook reflects economic recovery in China, Euro area and UK, despite a slowdown in activity in the USA and Japan. The main risks to the global growth outlook relate to further escalation of geopolitical tensions, interest rates remaining higher-for-even-longer in advanced economies, and policy uncertainty attributed to changes of Government in some major economies. Global inflation has moderated, with central banks in some major economies lowering interest rates. International oil prices have moderated, but the risk premium from the Middle East conflict has increased following the recent escalation.
61. Global economic output showed resilience in the first half of 2024, with modest growth anticipated in 2024 and 2025, mainly due to improving economic activities in the United States, China, and India. Global growth was estimated at 3.3 percent for 2023 is projected to continue at the same pace in 2024 and 2025. However, the divergence in output across the countries at the beginning of the year narrowed partly attributed to waning cyclical factors and a better alignment of growth with the potential. Even though global headline inflation concerns are diminishing, core inflation remains persistently high. Financial market conditions have remained stable throughout 2024, reflecting improved global investor sentiment and a softening of labor markets. However, the outlook faces significant downside risks, including escalating conflicts in the Middle East, uncertainties around the US elections, and consistently high interest rates in advanced economies.
62. Growth in the advanced economies is projected to remain stable at 1.7 percent in 2024 and 1.8 percent in 2025. Growth in the US has been revised downwards by 0.1 percentage points from the World Economic Outlook (WEO) April projections as consumption moderated and the labor market eased. Growth prospects for the Euro area were revised upwards by 0.1 percentage points following strong momentum in the services sector and higher than expected net exports in the first half of the year. The Euro area and the UK are projected to grow by 0.9 percent and 0.7 percent, respectively in 2024. In the emerging market and developing economies, growth is projected at 4.3 percent in 2024 and 2025, reflecting stronger activity in Asia particularly China and India.
63. In Sub-Saharan Africa (SSA), economic growth is projected to rise from an estimated 3.4 percent in 2023 to 3.7 percent in 2024 and 4.1 percent in 2025. Growth has been revised downwards by 0.1 percentage points in the April WEO attributed to a weaker growth outlook in Nigeria on account of weaker than expected activity in the first quarter of 2024. Nigeria and South Africa are expected to grow by 3.1 percent and 0.9 percent in 2024, respectively.

64. Global financial conditions remained accommodative boosted by positive corporate valuations. Global headline inflation is expected to fall to 5.9 percent and 4.4 percent in 2024 and 2025, respectively. which is a slower pace due to higher-than-average inflation in services prices. World trade growth is expected to increase 3.1 percent and 3.4 percent in 2024 and 2025, respectively. Annual average oil prices and non-fuel commodity prices are projected to increase by 0.8 percent and 5.0 percent in 2024, respectively.

Table 18: Global Economic Performance

Economy	Growth (%)			
	Actual		Projected	
	2021	2022	2023	2024
World	6.3	3.5	3.0	2.9
Advanced Economies	5.4	2.6	1.5	1.4
<i>Of which: USA</i>	5.9	2.1	2.1	1.5
<i>Euro Area</i>	5.3	3.3	0.7	1.2
Emerging and Developing Economies	6.8	4.1	4.0	4.0
<i>Of which: China</i>	8.4	3.0	5.0	4.2
<i>India</i>	9.1	7.2	6.3	6.3
Sub-Saharan Africa	4.7	4.0	3.3	4.0
<i>Of which: South Africa</i>	4.7	1.9	0.9	1.8
Nigeria	3.6	3.3	2.9	3.1
Kenya*	7.6	4.8	5.5	5.5

*Source: IMF World Economic Outlook, October 2023. *National Treasury Projection*

B. Kenya’s Economic Performance and Outlook

GDP Growth

65. The Kenyan economy is currently unwinding from the effects of negative and persistent global and domestic shocks that had pushed the economy to its lowest activity level. These shocks included COVID-19 pandemic and its ensuing effects, conflict in Eastern Europe and Middle East that led to global supply chain disruptions and the adverse effects of climate change from the prolonged drought in 2021 to the floods in the first half of 2024. These shocks escalated the cost of essential household commodities including fuel prices, and led to a rapid depreciation of the Kenya Shilling exchange rate, piling pressure on public debt.

66. Various government interventions, structural reforms and policies have supported economic recovery. The economy grew by 5.6 percent in 2023 from 4.9 percent in 2022, a demonstration of resilience and the beginning of economic recovery. The growth was largely driven by a strong rebound in the agricultural subsector, which benefited from favorable weather conditions after two years of severe droughts and the robust performance of the services sector. The performance of the industrial sector, particularly manufacturing which has remained subdued. This growth momentum has continued in 2024 with the economy expanding by 5.0 percent in the first quarter compared to a growth of 5.5 percent in the corresponding quarter in 2023.

67. The primary sector grew by 5.0 percent in the first quarter of 2024 compared to a growth of 5.3 percent in the first quarter of 2023. This was as a result of the robust growth in the agriculture, forestry and fishing sub-sector despite a contraction in the mining and quarrying sub sector. Activities in the agriculture, forestry and fishing sub-sector expanded by 6.1 percent in the first quarter of 2024 compared to a growth of 6.4 percent in a similar quarter in 2023. The performance was evident in the significant increase in production of tea, milk and sugarcane during the quarter under review. Mining and quarrying sub-sector contracted by 14.8 percent in the first quarter of 2024 compared to a contraction of 11.0 percent over the same period in 2023. This was due to a decline in production of most minerals such as titanium, soda ash and gemstone.
68. Industrial sector performance remained subdued, with growth of the sector slowing down to 1.1 percent in the first quarter of 2024 from a growth of 2.5 percent in a similar quarter of 2023. This was mainly on account of a slowdown in activities in all its sub-sectors i.e. the manufacturing, electricity & water supply and construction subsectors.
69. The Manufacturing sub-sector grew by 1.3 percent in the first quarter of 2024 compared to 1.7 percent growth in the corresponding quarter of 2023. In the manufacture of food products, growth was supported by tea and dairy processing in spite of the decline in the production of soft drink. In addition, the production of cement declined in the review period. The Electricity and water supply sub-sector also recorded a decelerated growth of 2.4 percent in the first quarter of 2024 compared to a growth of 3.7 percent in the corresponding quarter of 2023 supported by an increase in hydroelectric power generation and a decrease in thermal power generation.
70. Activities in the construction sub-sector similarly registered a decelerated growth of 0.1 percent compared to 3.0 percent growth recorded in the first quarter of 2023. The slowdown in the construction sub-sector was reflected in the decline in the volume of cement consumption and imported bitumen. However, the volume of iron and steel imported increased during the review period.
84. The activities in the services sector continued to sustain strong growth momentum in the first quarter of 2024 and grew by 6.2 percent compared to a growth of 6.5 percent in a similar period in 2023. The performance was largely characterized by significant growths in accommodation and food service, financial and insurance, information and communication, real estate, and wholesale and retail trade sub-sectors. Accommodation and food service activities reflected post COVID recovery in spite of the lingering effects of the pandemic. Consequently, the sub-sector grew by 28.0 percent in the first quarter of 2024 compared to a growth of 47.1 percent recorded in the corresponding quarter of 2023.
71. Financial and insurance sub-sector grew by 7.0 percent in the first quarter of 2024 compared to 5.9 percent in the corresponding quarter of 2023 on account of increased profitability of the subsector. The information and communication subsector grew by 7.8 percent compared to a growth of 9.5 percent, over the same period supported by increased voice traffic, internet use and mobile money despite a decline in the use of domestic Short Messaging Services (SMSs). Activities in

Transportation and Storage sub-sector slowed down to record a growth of 3.8 percent in the first quarter of 2024 compared to a growth of 6.6 percent in a corresponding period in 2023. The growth in the sub-sector was mainly supported by increased activities in Port throughput and an increase in the number of international passenger arrivals and departures.

72. Available economic indicators for the first half of 2024 point to mixed performance in the economy reflecting sustained performance in agriculture, improved exports and services sector and subdued industrial sector. In view of this and other consideration including domestic and external factors, economic growth is projected at 5.2 per cent in 2024 and 5.4 per cent from earlier projections of 5.5 per cent, respectively. These projections are underpinned by broad based private sector growth and ongoing Government interventions and strategies under the Bottom-Up Economic Transformation Agenda (BETA). Additionally, implementation of prudent fiscal and monetary policies will continue to support economic activity.

Inflation Development

73. The overall year-on year inflation is within the Government target range of 5 ± 2.5 percent largely driven by easing food and fuel prices. Overall inflation remained stable at 4.4 percent and 4.3 percent in August and July 2024, respectively, thereby remaining below the mid-point of the target for three consecutive months. This is a drop from 6.7 percent in August 2023, and a peak of 9.6 percent in October 2022. Favourable weather conditions coupled with targeted government interventions have partly led to the reduction in the cost of food production thereby lowering food inflation. Other factors expected to support low inflation include the pass-through effects of the strengthening exchange rate, decreases in electricity and pump prices and the CBK monetary policy stance.
74. To anchor inflation expectations and address exchange rate pressures, the Central Bank of Kenya through the Monetary Policy Committee (MPC) tightened the monetary policy by raising the Central Bank Rate (CBR) from 10.5 percent in July 2023 to 13.0 percent in February 2024. However, in the MPC meeting held on August 6, 2024, the Committee decided to lower the CBR to 12.75 per cent as the previous measures had contributed to lowering overall inflation to below the mid-point of the target range, stabilized the exchange rate, and anchored inflationary expectations.
75. Food inflation remained a key driver of overall year-on-year inflation though it declined to 5.3 percent in August 2024 from 7.5 percent in August 2023. The easing of food prices was supported by increased food supply arising from favorable weather conditions, continued Government interventions particularly through subsidized fertilizer, and the general easing of international food prices. Prices of most vegetable food items increased in the month of August 2024 compared to the same period in 2023 while those of non-vegetable food items declined during the same period.
76. Fuel inflation declined to 4.7 percent in August 2024 from 14.2 percent in August 2023. The decline largely reflecting the easing global oil prices and appreciation of the Kenya Shilling's which resulted in a downward adjustment of pump prices; and lower electricity prices. Core (non-food non-fuel)

inflation has remained low and stable reflecting the impact of tight monetary policy and muted demand pressures.

Monetary and Credit Developments

77. Broad money supply, M3, grew by 6.0 percent in the year to June 2024 compared to a growth of 13.4 percent in the year to June 2023. The slowdown in growth of M3 was due to a decline in the growth of Net Domestic Assets (NDA) particularly the domestic credit. The primary source of the growth in M3 was an improvement in the Net Foreign Assets (NFA) of the banking system. The NFA of the banking system in the year to June 2024 expanded by 53.2 percent compared to a growth of 29.5 percent in the year to June 2023. The increase in Net Foreign Assets, mainly reflected an increase in commercial banks' Foreign Assets.
78. Net Domestic Assets (NDA) contracted by 0.2 percent in the year to June 2024, compared to a growth of 11.5 percent over a similar period in 2023. The slowdown in growth of the NDA reflects a decline in growth of the domestic credit to both the Government and the private sector. The domestic credit extended by the banking system to the Government decreased to a growth of 7.9 percent in the year to June 2024 compared to a growth of 13.0 percent in the year to June 2023. Lending to other public sectors grew by 1.5 percent compared to a contraction of 0.5 percent over the same period.
79. Growth in private sector credit from the banking system slowed to 4.0 percent in the year to June 2024 compared to a growth of 12.2 percent in the year to June 2023, reflecting the impact of exchange rate appreciation on foreign currency denominated loans and monetary policy tightening. Reduced credit growth was observed in manufacturing, trade (exports) and building and construction. These are some of the sectors with significant foreign currency denominated loans.
80. The Monthly (month on month) credit flows to the private sector have slowed down since December 2023 following the monetary policy action of increasing the central bank rate to manage inflation expectation which resulted in the increased cost of credit. Sustained demand particularly for working capital due to resilient economic activity, the implementation of the Credit Guarantee Scheme for the vulnerable MSMEs and the projected economic growth for 2024 will continue to support private sector credit uptake.

Interest Rates Developments

81. Interest rates in the year to August 2024 increased reflecting the tight monetary policy stance. The interbank rate increased to 12.97 percent in August 2024 compared to 10.48 percent in August 2023 and has remained within the prescribed corridor around the CBR (set at $CBR \pm 150$ basis points). The 91-day Treasury Bills rate increased to 15.8 percent in August 2024 compared to 13.3 percent in August 2023 while the 182-day Treasury Bills rate also increased to 16.7 percent from 13.2 percent over the same period. The 364-day Treasury Bills rate increased to 16.9 percent in August 2024 from

13.6 percent in August 2023. This has increased the cost of borrowing by Government from the domestic market.

82. Commercial banks average lending and deposit rates increased in the year to July 2024 in tandem with the tightening of the monetary policy stance thereby reflecting high cost of investable funds. The average lending rate increased to 16.8 percent in July 2024 from 13.8 percent in July 2023 while the average deposit rate increased to 11.3 percent from 8.4 percent over the same period. Consequently, the average interest rate spread decreased to 5.6 percent in July 2024 from 5.4 percent in July 2023.

Exchange Rate Developments

83. The foreign exchange market remained stable in the first half of 2024 despite increased global uncertainties, effects of a stronger U.S. Dollar and geopolitical tensions in the Middle East. The Kenya Shilling exchange rate was weaker at the turn of the year but strengthened against the U.S. Dollar from mid-February 2024 through August 2024. It strengthened by 10.15 per cent, 8.55 per cent and 9.55 per cent against the US Dollar, Sterling Pound, and the Euro, respectively in August 2024 compared to a similar period in 2023. It exchanged at an average of Ksh 129.32 per US dollar in August 2024 compared with Ksh 143.93 per US dollar in August 2023. Similarly, the Kenya Shilling underperformed in all EAC regional currencies over the period under consideration. The foreign exchange market was mainly supported by inflows from agricultural exports, remittances and portfolio investors while demand was driven by pickup in economic activities specifically in the manufacturing, wholesale, and retail sectors.
84. Through the repayment of the 2024 Eurobond, the Government successfully lowered investor uncertainty and improved the financial markets perception. The appreciation and stability of the exchange rate has created confidence and triggered inflows of foreign direct investment and attracted investors to the Nairobi Securities Exchange. This appreciation has helped to reduce debt service costs, improve performance of domestic borrowing and stabilize interest rates.

Capital Markets Developments

85. Economic recovery, appreciation of the Kenya Shilling against major international currencies and macroeconomic stability have created confidence and triggered inflows of foreign direct investment and attracted investors to the Nairobi Securities Exchange. The NSE 20 Share Index improved to 1,678 points in August 2024 compared to 1,540 points in August 2023 while market capitalization also improved to Ksh 1,620 billion from Ksh 1,545 billion over the same period.

C. Kenya's Macroeconomic Outlook

86. Kenya's economic performance is projected to remain stable over the medium term. Growth is expected to moderate from 5.6 percent in 2023 to a forecast of 5.2 percent in 2024 and 5.4 percent in 2025. The growth in 2024 and 2025 will benefit from the enhanced agricultural productivity and a resilient services sector. The rebound in Kenya's agricultural sector is expected to be largely driven by favourable weather conditions and productivity-enhancing government interventions. The industrial sector will see growth primarily in manufacturing largely reflecting reduction in costs of production and easing of exchange rate pressures; and in construction partly attributed to increased public spending on affordable housing. The services sector is expected to remain resilient, with ICT reforms boosting growth in financial services, health, and public administration. However, increased uncertainties in both the external and domestic environments, such as the escalation of geopolitical tensions and potential disruptions in supply chain networks, could negatively impact commodity markets and slow down this potential growth.
87. On the demand side, aggregate domestic demand is expected to remain resilient even as public sector consolidates with the private sector playing a stronger role in Kenya's medium-term recovery. Bumper agricultural harvests, moderate inflation, a recovery in employment, and modest growth of credit to private sector will support growth in private consumption. Moreover, remittance inflows to Kenya are projected to remain resilient, providing further support to household incomes. Private consumption is expected to complement moderate government consumption in the context of fiscal consolidation.
88. Private investment will be supported by measures aimed at improving competitiveness, inclusivity, market efficiency, positive business sentiment, access to the international market, and projected FDI inflows. Investment will also benefit from an increased focus on Public Private Partnerships (PPPs), following the near completion of the harmonization of the Public Investment Policy, which will align PPP and Public Investment Management frameworks. In the medium term, the Government targets PPP investments in key economic sectors to complement its development agenda. These sectors include Agriculture, Roads and Transport, Urban Development and Housing, Energy, Water, Information, Communication Technologies (ICT), and Health. The PPPs are also expected to partly fill the investment financing gap in the wake of ongoing fiscal consolidation efforts which would reduce government domestic borrowing and lower yields on government securities.
89. Government consumption and investments are expected to slowdown in 2024 and 2025 due to the ongoing growth friendly fiscal consolidation efforts. However, the development will be complimented with private sector investments in commercially viable development projects. Growth over the medium term will also be driven by sustained Government investments in the Bottom-Up Economic Transformation Agenda. Particularly, investments in the nine priority value chains (Leather, Cotton, Dairy, Edible Oils, Tea, Rice, Blue economy, Natural Resources (including Minerals and Forestry), and Building Materials). Government interventions towards climate change adaptation and mitigation

measures that include rehabilitation of wetlands and reforestation are expected to support growth over the medium term.

90. Kenya's external position is expected to remain supportive of macroeconomic stability. Overall, the current account deficit is expected to be stable in the medium term. Exports are expected to recover, both from improvements in the global and regional trade outlook, and domestic conditions. Exports are expected to benefit from the ongoing implementation of trade agreements such as regional economic communities and the African Continental Free Trade Area (AfCFTA). Increased remittance inflows and tourism receipts are expected to further provide foreign exchange buffer. Imports are expected to grow as domestic demand recovers, particularly of raw materials, fuels, and intermediate goods, consistent with investment growth and the stability in the foreign exchange market.

Monetary Policy Management

91. The monetary policy stance over the medium term will aim at achieving and maintaining overall inflation within the target range of 5 ± 2.5 percent while maintaining a competitive exchange rate and stable interest rates. The flexible margin of 2.5 percent on either side of the inflation target is to cater for effects of external and domestic shocks and recurrence of extreme weather events that not only affect economic activities but also pose major fiscal risk. Maintaining the inflation rate at this level will help preserve macroeconomic stability and reduce undesirable fluctuations in economic performance. The targeted inflation will be supported by muted demand pressures consistent with prudent monetary policy and easing of domestic and global food and oil prices coupled with Government measures to lower cost of production.
92. The ongoing implementation of reforms to modernize Monetary Policy Framework and Operations continues to enhance monetary policy transmission and improve distribution of liquidity in the interbank market. In particular, the introduction of the interest rate corridor, currently set at CBR \pm 250 basis points, has ensured that the interbank rate (operating target), closely tracks the CBR. The reduction of the applicable interest rate to the Discount Window from the current 600 basis points above CBR to 400 basis points above CBR has improved access to the Window. In addition, the width of the interest rate corridor was narrowed to \pm 150 basis points in June 2024, and the discount window lowered from 400 basis points above CBR to 300 basis points to further enhance efficiency in the interbank market and strengthen alignment of the policy rate with the interbank rate. The Central Bank of Kenya has recently undertaken the following major reforms in the operation of the interbank foreign exchange market:
- i. Introduction of electronic matching systems (EMS) in the interbank market;
 - ii. Requirement of maximum spread of 20 cents on indicative quotes in the interbank market removed; and

- iii. The CBK published exchange rate is now a weighted average rate of all interbank transactions executed the previous day. Previously, the published rate was based on the indicative rate provided by selected major players in the interbank market.
93. Additionally, the implementation of the DhowCSD, an upgraded Central Securities Depository infrastructure, has greatly enhanced efficiency in investment in Government Securities. The DhowCSD also continues to improve the functioning of the interbank market by facilitating collateralized lending amongst commercial banks and further reducing segmentation in the interbank market.

Risks to the economic outlook

94. Kenya's growth outlook portrays a stable macroeconomic environment in the medium term. However, there are downside risks to this macroeconomic outlook emanating from domestic as well as external sources. External risks include further escalation of geopolitical tensions – particularly the wars in the Middle East and Ukraine; potential worsening of supply disruptions due to the shipping crisis in the Red Sea and Suez Canal, which could result in higher import and production costs; and uncertainty about the evolution of international oil prices. Internally, extreme weather (drought or floods) could weaken agricultural output, lead to destruction of capital, increase food insecurity and lead to a surge in cases of water-borne diseases.
95. Lower than anticipated global economic growth and particularly in major exports destination could reduce Kenya's exports, tourism receipts, and remittances growth, while increase in global fuel prices could increase Kenya's imports bill. Tight global financial conditions arising from lower-than-expected return of global inflation to target levels could aggravate Kenya's vulnerabilities towards meeting external financing requirements. However, the government's commitment to fiscal consolidation and prioritizing concessional borrowing is expected to mitigate this risk.
96. The upside risk to the domestic economy relate to fast-tracked implementation of structural reforms under BETA and the Fourth Medium-Term Plan (MTP) IV. Early normalization in global financing conditions and lower international fuel and food prices would strengthen Kenya's external balances. Faster than projected rebound in economic activities that would result in higher Government revenues providing fiscal space that would support fiscal consolidation. Continued coordination between monetary and fiscal policies are expected to result to a stable macroeconomic condition which is a necessary condition for investment and savings thereby promoting economic growth.
97. The Government continues to monitor the domestic and external environment and will take appropriate policy measures to safeguard the economy against the adverse effects of the risks if they were to materialize.

D. Recent Economic Developments in the County

98. The County's gross county product as at 2022 was 4.6% with a five-year average of 4.9%, being the fourth highest county according to the KNBS Gross County Product Report (GCP), 2023. Growth in the local revenue remained resilient with an overall increase of 11% with the highest collections being in the third and fourth quarters with 75% of all own source revenue collected in the said quarters.
99. The County is geared towards operationalizing the Mombasa Revenue Services (MRS) which will aid in strengthening the Own Source Revenue collection with its main aim being to ensure the County has a vibrant workforce that is dedicated to revenue collection, oversight and enforcement. The Mombasa County Revenue Administration Act, 2022 provides a legal framework and institutional framework for revenue administration to ensure effectiveness, efficiency and transparency in revenue matters.
100. The county continues to diversify its economic activities and position its self to becoming a preferred destination for investors both local and foreign so as to improve the quality of life for its citizens, through establishment of onsite infrastructure especially in the special economic zone area. This is will stimulate economic development by wooing investors hence providing an enabling environment for investment and delivery of services by acting as a catalyst that ensures amongst others a vibrant 24 hours economy and also a preferred worldwide tourist destination.
101. In infrastructure development, the main interventions continue to be improvement of access roads, establishment and maintenance of the drainage system, non-motorized transport, beautification and aesthesis of the County. To empower the SMES the county will continue to improve and set up trading infrastructure within the county.
102. The main economic activities driving the Gross County Product (GCP) in Mombasa County are the service sector being the key driver (67.0 per cent) and Manufacturing (14.0 per cent). The National Spatial Plan 2015-2045 identifies Mombasa as a key coastal urban Centre that serves as a Port City and Gateway to East Africa. The Sea Port of Mombasa provides direct connectivity to over 80 Ports worldwide and is linked to a vast hinterland comprising countries in East Africa.
103. On the exploitation of the Blue Economy; the County Government has plans for; continuous procurement of fishing gears and boat accessories, establishment an integrated value addition Centre with both agriculture and fisheries components, Construction of a 110-tonne capacity cold storage as well as branding of the 001 products, establishment of a county abattoir, as well as promotion of urban farming.
104. The county established the Mombasa Investment Corporation (MIC) whose main mandate is to provide a legal and an institutional framework for the County Investment so as to enhance financial and economic prudence, establish an efficient and effective instrument for managing the County Investments, promote local and foreign investment, coordinate public private partnerships and joint ventures as well as resource mobilization of finances for investments.
105. In addition to the above measures, the Government will continue to support the development of the onsite infrastructure for the; Export Processing Zones (EPZs), Special Economic Zones (SEZs) and

industrial parks across the country with the major priority and efforts being channeled to the establishment of the Dongo Kundu SEZs and infrastructures.

106. The County Government has highly prioritized social programmes so as to improve the quality of life of its citizens and address their need through the various programmes amongst them; the ongoing issuance of bursaries, the Serikali Mitaani initiative, talent development through the “Skills Mitaani” programme, School feeding, the Internship and Mombasa Yangu programmes, as well as the revolving fund to support the fisherfolk and other small and midsize enterprises (SMEs).
107. The Covid -19 pandemic was a wakeup call for Governments to ensure that health services are given outmost priority. In this regard, the County Government of Mombasa strives to achieve Universal Health care and will endeavor to ensure that its citizens have access to the best possible affordable and quality health services by heavily investing in the sector through operationalization of the Mombasa Health Care.
108. The projected water demand for the County is 186,000 cubic meters per day while the current supply is at 33,000 cubic meters. The available supply can only meet about 17% of the demand and thus there is need for concerted efforts to address the water deficit. There is need to explore ventures for establishment of desalination plants that will address the shortfall which has been prioritized within the county development plans. Currently, a large population relies on borehole water which is at risk of contamination hence not safe for domestic use.
109. On waste management, one major initiative the county has embraced is converting the Mwakirunge dumpsite into a sanitary landfill. This project involves constructing a controlled landfill with proper lining and waste management systems, ensuring safer and more sustainable disposal. Transforming Mwakirunge into a sanitary landfill will address many health and environmental concerns associated with open dumpsites. Efficient waste management involves more than just collection and dumping as it includes segregation, recycling, and proper disposal to minimize environmental impact which the County is striving to undertake.
110. The formulation of the Mombasa Tourism Council has proven to be a game changer for the County’s tourism industry. They continue to carry out activities to show case Mombasa’s beauty and rich culture. The continued rehabilitation of the CBD and all public beaches will give the tourism sector a major boost and see Mombasa reclaiming its glory as a major tourism destination both locally and internationally.
111. As we continue to revamp and expand the economic activities within the county so as to create employment and self-sustainability for the citizens the county has already embarked on the process of rehabilitating and construction of markets and trading areas within the County.
112. The County Government wishes to scale up investments in the county’s priority areas through; Revamping of quality and affordable health services; Youth, Women Empowerment, Cohesion and Inclusivity; Education and Training; Streamlined waste management services; Investment Promotion;

Infrastructure Development, land management and affordable Housing services as captured in the CFSP 2024.

Risks to the Outlook

113. The risk to the outlook for Mombasa County during this period and in the medium-term emanates from both external and domestic quotas. The economy remains vulnerable to both domestic and external shocks. For prudent management of risks, the PFM Act, 2012 requires the preparation of a “Statement of Fiscal Risks”.
114. The “Statement of Specific Fiscal Risks” outlines County’s exposure to fiscal risks that are associated with macroeconomic assumptions used for fiscal projections, public debt dynamics, operations of state corporations, contingent liabilities, vulnerabilities of the financial sector, as well as risks posed by nature.
115. The Government remains committed to fiscal consolidation in order to ensure the long-term sustainability of public finances. Nevertheless, the Government will monitor the risks and take appropriate measures to safeguard macroeconomic and microeconomic stability.
116. The upside risk to the domestic economy relate to faster than projected rebound in economic activities that would result in higher Government revenues providing fiscal space that would support fiscal consolidation. 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 of the risks if they were to materialize.
117. In the medium term, the shortfalls in revenue continues to pose a threat of a budget deficit due to the ever-increasing pending bills and a high wage bill. Systems, controls and structures are being put in place to improve the own source revenue performance coupled with a revenue collection reforms and moderation in recurrent expenditure, so as to increase the revenue bases and the fiscal position in the medium term.
118. The Government will monitor and mitigate the above risks and take appropriate measures to safeguard macroeconomic stability including preparation of supplementary budgets to regularize and align any emerging issues.
119. The County will embark on the implementation of the Governor’s manifesto incorporating the BETA agenda so as to complement the National Government’s Economic Transformation agenda which has been bearish.
120. Other than the frequent late disbursement of exchequer issues, the main challenges that continue to be experienced relate to unrealized projected local revenue collection, bloated wage bill and huge pending bills some of which are statutory deductions that accrue huge interests.
121. The high wage bill continues to be a major challenge in the implementation of the budget. Currently in the 2024/25 financial year the personnel emoluments stand at 42% of the overall county budget which is 7% above the statutory requirement of 35%. The recruitment of key essential staff and

the frequent salary increment for various cadres of staff continues to increase the already bloated wage bill. The various collective bargaining agreements (CBAs) to increase salaries and benefits of various officers also continues to threaten the already ballooned wage bill.

122. The unfavorable parameters used to allocate equitable to the county continues to be a major risk coupled with the delay in disbursement of funds by the national government especially in the fourth quarter and continues to be a challenge as this leads to delay in execution of planned activities of the County thus compromising service delivery.
123. In the medium term, due to revenue shortfalls, the ever-increasing pending bills and a high wage bill, continues to pose a threat of a budget deficit. Systems are being put in place to improve local revenue performance, following revenue collection reforms and moderation in recurrent expenditure, so as to increase the revenue bases and the fiscal position in the medium term.
124. The fiscal framework for the financial year 2024/25 onwards will entail a deliberate effort to continue exercising prudence in public expenditure management with the principal goal of containing fiscal risks, gradually lowering the fiscal deficit, and adopting austerity measures to deter increase of recurrent expenditures in favor of productive capital spending. To achieve this, the Government endeavors to prioritize expenditure in the social sectors with the overall objective of this is being to realize sustainable, shared and equitable growth that would in return lead to accelerated job creation and improved standards of living and quality of life for the citizenry.
125. The CG recognizes that further stringent measures need to be put in place to ensure scaling up of revenue collection and mobilization of resources and more efficient production structure towards the implementation of the third generation CIDP 2023- 2027.
126. The County Government will continue monitoring the above risks and take appropriate measures to safeguard macroeconomic stability including preparation of supplementary budgets to regularize and align any emerging issues.

Proposed Measures to address the risks

127. There is need for the development of a national legislation on planning to guide planning at both levels of Governments; integration of national and county planning; development of a national resource mobilization strategy; operationalization of all IFMIS modules including pending bills, accounts receivables; monitoring and evaluation; development of a standardized framework for assets valuation in counties; fast-tracking the processing of Auditor General's reports in the County Assemblies and the Senate to strengthen oversight in the management of public finance functions in counties; customization of human resource policies by the Ministry of Public Service in consultation with the Public Service Commission , IGRTC and County Governments; amendment of various Sections of PFMA, 2012 and continuous capacity building of County Governments officials on all PFM related areas.

IV. RESOURCE ALLOCATION FRAMEWORK

A. Implementation of the FY 2024/25 Budget

128. Given the fiscal performance in 2023/24 and the updated fiscal outlook, the risks to the FY 2024/25 budget include lack of realization of the projected local revenue, undisbursed equitable share and grants which will hinder the full implementation of the budget as well as expenditure pressures with respect to increased personnel emoluments.
129. The Division of Revenue (Amendment) Bill, 2024 which reduces the equitable share to county governments from 400.1B to 380B is ultimately going to affect the County's equitable share allocation downwards leading to budget cuts across all the departments.
130. In addition, implementation pace in the spending units continues to be a source of concern especially with regard to the development expenditures and implementation of donor funded grant-oriented projects. These risks will be monitored closely and the CG will take appropriate measures in the context of the Supplementary Budget(s).
131. Adjustments to the 2024/25 budget will take into account actual performance of expenditure so far and absorption capacity in the remainder of the financial year because of the resource constrains, the Government will rationalize expenditures by shelving those that are non-priority. These may include slowing down or reprioritizing development expenditures and increasing the budget allocation for debt resolution.
132. Any review of salaries and benefits for personnel continues to be conducted by the Salaries and Remunerations Commission (SRC) in accordance with Article 230 of the Constitution and Regulations.
133. On the Revenue side, the County Treasury continues to explore more revenue streams, updating of the revenue automation system as well as instituting corrective measures to curb the revenue leakages.
134. On the expenditure front, departments are expected to prioritize their expenditure and reallocate funds guided by the priorities during the preparation of the supplementary budget taking into consideration the actual cash flow.

B. Fiscal Policy for FY 2025/26 and Medium-Term Budget

135. Progressively, and in view of the limited resources, MTEF budgeting will entail adjusting non-priority expenditures to cater for the priority sectors. In the Meantime, the resource allocation will be based on the Annual Development Plan and the Fiscal Strategy Paper.
136. The Mombasa County 2025 Medium-Term Fiscal Framework aims at stimulating the economic growth and development, reducing vulnerabilities, operating a balanced budget, ensuring effective delivery of services and supporting sustainable economic growth in the County. This policy underscores the need to prioritize crucial recurrent expenditure, socio economic initiatives and

undertake high impact capital expenditure in order to enhance economic growth. The 2024 CBROP will be anchored on the following:

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

C. Criteria for Resource Allocation

137. The Government is operating under constrained fiscal environment. In view of this the Government has adopted Zero Based Budgeting Approach to guide the prioritization and allocation of the scarce resources to Projects and Programmes. Departments and Agencies will therefore be required to re-evaluate all the existing/planned activities, projects, and programmes to be funded in the FY 2025/26 and Medium Budget. In this regard, the principles of efficiency, effectiveness and economy of public spending shall strictly be enforced by ensuring low-priority expenditures give way to high-priority service-delivery programmes.
138. The priority social sectors will continue to receive adequate resources in the budget and are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions in their sectors. The Sectors should therefore eliminate wasteful expenditures and pursue priorities which are aimed at safeguarding livelihoods, creating jobs, reviving businesses and economic recovery. The Departments and agencies are also expected to ensure that all expenditure items in the FY 2025/26 Budget are justified and emphasis is placed on allocating the limited resources based on programme efficiency and requirement rather than incremental budgeting.
139. The following will therefore serve as the criteria to guide prioritization and final allocation of resources:
- i. Projects geared towards implementation of the CIDP 2023-2027 and all other policy documents within a context of sustainable public financing;

- ii. In the medium term, the County Government has reoriented expenditure towards priority programmes in Health, Youth Empowerment, Cohesion and Inclusivity, Education, waste management services and Investment Promotion under the medium-term expenditure framework (MTEF);
 - iii. Programmes that enhance linkages from the Governor’s deliverables and County Executive Committee’s resolutions;
 - iv. Completion of ongoing projects, stalled projects and payment of verified pending bills;
 - v. Degree to which a programme addresses job creation and poverty reduction;
 - vi. Degree to which a programme addresses the core mandate of the Department;
 - vii. Programmes that support mitigation and adaptation of climate change;
 - viii. Cost effectiveness, efficiency and sustainability of the programme; and
 - ix. Requirements for furtherance and implementation of the Constitution.
140. Based on the above broad guidelines, Departments and agencies are expected to develop and document sector specific criteria for prioritization and resource allocation within the resource envelope. To facilitate the finalization and approval of the 2024 CBROP and other policy documents within the stipulated timelines, Departments are required to strictly undertake the activities outlined in the Budget Calendar within the set timeframes.
141. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development. The expected share of development funds of the total expenditure will be not less than 30%. This process will be strengthened in the FY 2025/26 by encouraging aggressive private-sector engagement in order to build concrete Public Private Partnership in pursuit of new economic opportunities. Reflecting the above medium-term expenditure framework, the tables below provide the tentative projected baseline budget for the 2024/25 MTEF, classified by Departments.

Table 19: Medium Term Sector Ceiling Budgeted FY 2024/25, Projections 2025/26 - 2027/28 FYs, Ksh Million

DEPARTMENTS	Budgeted 2024/2025	Projected 2025/2026	Projected 2026/2027	Projected 2027/2028
RECURRENT	C	D	E	F
County Assembly	813,735,933	813,735,933	813,735,933	813,735,933
Public Service Board	131,692,825	133,009,753	134,339,850	135,683,249
Finance & Economic Planning	1,130,484,441	1,141,789,286	1,153,207,179	1,164,739,251
Health	4,237,316,744	4,279,689,911	4,322,486,810	4,365,711,678
Transport & Infrastructure	736,570,444	743,936,148	751,375,510	758,889,265
Environment & Governance	904,465,878	913,510,537	922,645,642	931,872,099
Education	864,376,025	873,019,785	881,749,983	890,567,483
Water, Natural Resources & Climate Change Resilience	217,235,887	219,408,246	221,602,328	223,818,352
Public Service Administration, Youth, Gender, Sports & Social Services	821,517,956	829,733,135	838,030,467	846,410,771
Tourism, Culture & Trade	458,459,661	463,044,258	467,674,700	472,351,447
Lands, Urban Renewal and Housing	195,073,556	197,024,292	198,994,534	200,984,480

DEPARTMENTS	Budgeted 2024/2025	Projected 2025/2026	Projected 2026/2027	Projected 2027/2028
Blue Economy, Cooperatives, Agriculture & Livestock	198,889,793	200,878,691	202,887,478	204,916,353
County Attorney	103,014,783	104,044,931	105,085,380	106,136,234
Executive	253,460,063	255,994,664	258,554,610	261,140,156
TOTAL	11,066,293,988	11,168,819,569	11,272,370,405	11,376,956,750
DEVELOPMENT	C	D	E	F
County Assembly	80,000,000	50,000,000	50,000,000	30,000,000
Public Service Board	10,000,000	10,100,000	10,201,000	10,303,010
Finance & Economic Planning	442,513,000	446,938,130	451,407,511	455,921,586
Health	600,000,000	606,000,000	612,060,000	618,180,600
Transport & Infrastructure	863,542,752	872,178,180	880,899,961	889,708,961
Environment & Governance	247,800,000	250,278,000	252,780,780	255,308,588
Education	151,000,000	152,510,000	154,035,100	155,575,451
Water, Natural Resources & Climate Change Resilience	1,104,050,260	1,115,090,763	1,126,241,670	1,137,504,087
Public Service Administration, Youth, Gender, Sports & Social Services	270,000,000	272,700,000	275,427,000	278,181,270
Tourism, Culture & Trade	239,500,000	241,895,000	244,313,950	246,757,090
Lands, Urban Renewal and Housing	1,070,000,000	1,080,700,000	1,091,507,000	1,102,422,070
Blue Economy, Cooperatives, Agriculture & Livestock	78,300,000	79,083,000	79,873,830	80,672,568
County Attorney	0	0	0	0
Executive	37,000,000	37,370,000	37,743,700	38,121,137
TOTAL	5,193,706,012	5,214,843,072	5,266,491,502	5,298,656,417
TOTAL EXPENDITURE	C	D	E	F
County Assembly	893,735,933	863,735,933	863,735,933	843,735,933
Public Service Board	141,692,825	143,109,753	144,540,850	145,986,259
Finance & Economic Planning	1,572,997,441	1,588,727,416	1,604,614,690	1,620,660,837
Health	4,837,316,743	4,885,689,911	4,934,546,810	4,983,892,278
Transport & Infrastructure	1,600,113,196	1,616,114,328	1,632,275,471	1,648,598,226
Environment & Governance	1,152,265,878	1,163,788,537	1,175,426,422	1,187,180,686
Education	1,015,376,025	1,025,529,785	1,035,785,083	1,046,142,934
Water, Natural Resources & Climate Change Resilience	1,321,286,147	1,334,499,008	1,347,843,999	1,361,322,439
Public Service Administration, Youth, Gender, Sports & Social Services	1,091,517,956	1,102,433,135	1,113,457,467	1,124,592,041
Tourism, Culture & Trade	697,959,661	704,939,258	711,988,650	719,108,537
Lands, Urban Renewal and Housing	1,265,073,556	1,277,724,292	1,290,501,534	1,303,406,550
Blue Economy, Cooperatives, Agriculture & Livestock	277,189,793	279,961,691	282,761,308	285,588,921
County Attorney	103,014,783	104,044,931	105,085,380	106,136,234
Executive	290,460,063	293,364,664	296,298,310	299,261,293
TOTAL	16,260,000,000	16,383,662,640	16,538,861,908	16,675,613,167

Departmental Ceilings Analysis: Development & Recurrent 2025/2026 FY

Table 20: Summary of Revenue and Expenditure 2025/2026 FY

DEPARTMENTS	CONSOLIDATED REVENUE	PERSONNEL	OPERATIONS & MAINTENANCE	TOTAL RECURRENT	TOTAL DEVELOPMENT	TOTAL EXPENDITURE	%
County Assembly		449,006,557	364,729,376	813,735,933	50,000,000	863,735,933	5.3
Public Service Board		93,238,902	39,770,851	133,009,753	10,100,000	143,109,753	0.9
Finance & Economic Planning		448,353,116	693,436,170	1,141,789,286	446,938,130	1,588,727,416	9.7
Health	16,383,662,640	3,295,060,077	984,629,834	4,279,689,911	606,000,000	4,885,689,911	29.8
Transport & Infrastructure		310,937,478	432,998,671	743,936,148	872,178,180	1,616,114,328	9.9
Environment & Governance		723,033,057	190,477,479	913,510,537	250,278,000	1,163,788,537	7.1
Education		326,491,633	546,528,152	873,019,785	152,510,000	1,025,529,785	6.3
Water, Natural Resources & Climate Change Resilience		142,856,616	76,551,629	219,408,246	1,115,090,763	1,334,499,008	8.1
Public Service Administration, Youth, Gender, Sports & Social Services		285,184,414	544,548,722	829,733,135	272,700,000	1,102,433,135	6.7
Tourism, Culture & Trade		320,001,709	143,042,548	463,044,258	241,895,000	704,939,258	4.3
Lands, Urban Renewal and Housing		147,105,424	49,918,868	197,024,292	1,080,700,000	1,277,724,292	7.8
Blue Economy, Cooperatives, Agriculture & Livestock		126,005,608	74,873,083	200,878,691	79,083,000	279,961,691	1.7
County Attorney		36,887,248	67,157,682	104,044,931	0	104,044,931	0.6
Executive		155,533,863	100,460,800	255,994,664	37,370,000	293,364,664	1.8
TOTAL		6,859,695,703	4,309,123,866	11,168,819,569	5,214,843,072	16,383,662,640	100
SURPLUS / (DEFICIT)	-	42	26	68	32	100	
REVENUE SOURCES							
Local Revenue	6,120,577,321						
Exchequer Issues	10,263,085,319						
TOTAL REVENUE	16,383,662,640						

Departments Budgets and Programs Prioritization

142. A key challenge in developing the 2025/26 MTEF budget is the prioritization of resource allocation to pending and ongoing projects.
143. It's also critical to have the CG Departments capacities continuously strengthened in order to enable them perform their assigned functions effectively and efficiently. The key technical Staff need to be deployed and rationalized to streamline the County activities.
144. Extensive work has been done in providing reporting templates and issuance of budget guidelines so as to ensure consistency in reporting and monitoring progress.
145. Strengthening of the Monitoring and evaluation unit in the Finance and Economic Planning Department will lead to a harmonized monitoring and evaluation system in the county.

Budget Framework 2025/2026 FY

146. The 2025/26 budget framework is set against the background of the updated medium-term macro-fiscal framework set out above.

Revenue Projections

147. The 2025/26 budget targets local revenue of Kshs 6.1 billion and National Government transfer of 10.3 billion. As noted above, this performance will be underpinned by on-going reforms in revenue policy and revenue administration. As such, total revenue including exchequer issues is expected to be Kshs 16.4 billion.

Expenditure Forecasts

148. In 2025/26, overall expenditures are projected to be 16.4 billion, out of which 32% which is 5.2 billion is projected to undertaken various development initiatives, while 11.2 billion budgeted for the recurrent expenditure will be utilized for servicing the operation and maintenance costs at 4.3 billion and the personnel emolument cost projected at 6.9 billion.

Involvement of Stakeholders

149. As required by the Public Finance Management (PFM) Act, 2012 this Budget Review and Outlook Paper has been shared with various stakeholders and the public for comments before its finalization. Specifically, the document has been presented to the County Budget and Economic Forum (CBEF) for their comments and input, the County Executive Committee for their input and adoption before being presented to the County Assembly for approval.

V. CONCLUSION AND WAY FORWARD

150. Global economy has stabilized with global growth projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023. The outlook reflects economic recovery in China, Euro area and UK, despite a slowdown in activity in the USA and Japan.
151. On the domestic scene, the Kenyan economy is currently unwinding from the effects of negative and persistent global and domestic shocks that had pushed the economy to its lowest activity level. The focused interventions and structural reforms of the Government under BETA have supported economic recovery to 5.6 percent in 2023 up from 4.9 percent in 2022.
152. Growth momentum has continued in 2024 with the economy expanding by 5.0 percent in the first quarter compared to a growth of 5.5 percent in the corresponding quarter in 2023. Kenya's economic performance is projected to remain stable over the medium term. Growth is expected to moderate 5.2 percent in 2024 and 5.4 percent in 2025 from 5.6 percent in 2023. The growth outlook will be largely driven by a strong agricultural productivity aided by policy interventions on seeds and fertilizer to farmers, adequate rainfall, robust services sector and improvement in global commodity prices.
153. At the County level, the fiscal outcome for 2023/24 together with the updated forecast has had ramification of the financial objectives elaborated in the last CFSP 2024.
154. The FY 2025/26 and the Medium-Term budget and fiscal framework projections presented in this CBROP takes into account the continued recovery in the global economy and risks facing our economy such as public expenditure pressures, austerity measures to reduce non-essential spending which tends to reallocate resources from the productive sectors, availing resources for development ventures while minimizing creation of pending bills through ensuring suppliers and contractors are engaged guided by the cash flow instead of the budgetary allocation.
155. There is moderate growth in the overall revenue collection and a decline in overall recurrent expenditure as more resources are allocated to complete the ongoing development projects to ensure implementation of the 2023-2027 CIDP. These measures take into account the need to maintain fiscal discipline in all levels of the government for maximum utilization of public resources.
156. The set of policies outlined in this CBROP reflect the change in circumstances and are broadly in line with the fiscal responsibility principles outlined in the PFM Act. They are also consistent with the national strategic objectives pursued by the Government as a basis of allocation of public resources.
157. The CG will implement strategic interventions with emphasis in provision of potable water, quality health services, modernized education institutions, improved infrastructure, sanitation and waste management, social protection as well as youth and gender empowerment as well as policy interventions covering the entire county to enhance social equity.

158. The outlined policies will ensure continuity in resource allocation based on prioritized programs that have been earmarked by the government to accelerate growth, employment creation with the ultimate objective of ensuring that all citizens enjoy improved standards of living.
159. The fiscal discipline will be important in ensuring proper management of funds and delivery of expected output. Effective and efficient utilization of funds especially on capacity building on different sectors of the county will be crucial in ensuring that the County gets to deliver on its functions.
160. The CBROP 2024 emphasizes the alignment of the 2024 fiscal strategy paper that has been designed to continue addressing these specific challenges by focusing on the following objectives:
- ✓ To improve the efficiency and quality of CAPEX by promoting Public Private Partnership;
 - ✓ To place greater focus on critical and on-site infrastructure development as a means of promoting long-term economic growth;
 - ✓ Continued application of a fiscal stimulus in the medium term to stimulate the economy which has been greatly affected by various adverse issues including the ongoing drought, taking into consideration the current revenue constraints and its impact on the fiscal deficit;
 - ✓ Rationalizing the outlay on recurrent expenditure through the identification of cost-saving measures;
 - ✓ Regular and timely expenditure reporting and realistic cash flow projections;
 - ✓ Pegging commitments and expenditure on the actual cash flow;
 - ✓ Linkage procurement undertakings to the cash flow;
 - ✓ Coming up with sustainable personnel policy to address the bloated wage bill;
 - ✓ Boosting revenue receipts, identifying and plugging revenue leakages through enhanced automation.
 - ✓ Strengthening the internal audit oversight, insight and foresight processes
 - ✓ Undertaking periodic monitoring of development initiatives to track progress
161. The policies and sector ceilings annexed herewith will guide the Departments in preparation of the 2025/2026 budget. The medium term macroeconomic and fiscal projections in the 2024 CBROP have been revised from those of the 2024 CFSP estimates taking into account the macroeconomic and fiscal outcome of the FY 2023/24 and the impact of the withdrawal of the Finance Bill, 2024 which is expected to also affect the allocation of the Counties as per the revised Division of Revenue Act that has reduced the Counties shareable revenue from 400.1B to 380B.
162. The 2024 CBROP forms the basis for the development of the 2025 CFSP that will detail the progress in the implementation of the aligned priority policies and strategies of the Government under BETA as prioritized in the MTP IV of the Vision 2030 and the CIDP 2023-27; and preparation of the FY 2025/26 and the medium-term budget as guided by the Budget Calendar 2024. The CG should scale down its recurrent expenditure budget and then increase it gradually over the medium term as

it expands its revenue base. The ceilings will form inputs into the next County Fiscal Strategy Paper (CFSP) which will be developed in February 2025 as per the budget cycle.

163. The Budget calendar for FY 2025/26 is guided by the timelines provided in the PFM Act, 2012 and has the following critical steps between September 2024 and June 2025:

- i) Preparation of the 2025/26 Annual Development Plan: This process commenced with issuance of the ADP template to the Departments, submission and compilation of the Departmental inputs, ward based public participation exercise, submission of MOUs, deliberation of the ADP with the County Budget and Economic Forum (CBEF), presented to the County Executive Committee for adoption then submission of the same to the County Assembly for approval by 1st September 2024.
- ii) Development of the County Budget Review and Outlook Paper (CBROP) 2024: Preparation of the 2024 CBROP commenced with the analysis of the departmental expenditure data and the collating of the macro data informed by the National Budget Review and Outlook Paper 2024 to come up with a consolidated CBROP 2024. The CBROP is then deliberated by the County Budget and Economic Forum (CBEF), presented to the County Executive Committee for adoption before it is submitted to the County Assembly for approval by 30th September, 2024.
- iii) The County Fiscal Strategy Paper (CFSP) 2025: This process will commence with issuance of the CFSP template to the Departments, submission and compilation of the Departmental inputs, conducting public participation exercise, submission of MOUs, deliberation of the CFSP with the County Budget and Economic Forum (CBEF), adoption of the CFSP by the County Executive Committee and submission of the same to the County Assembly for approval by 28th February, 2025.
- iv) Preparation of the draft Programme Based Budget (PBB) and Budget Estimates 2025/26: The draft PBB and Budget Estimates 2025 will undergo public participation exercise, submission of MOUs, deliberations with the County Budget and Economic Forum (CBEF), adoption by the County Executive Committee and submission to the County Assembly for approval by 30th April 2025;
- v) Preparation of the annual cash flow projections by 15th June 2025; and
- vi) Preparation of the Assent, General Warrant and the Appropriation Bill, 2025 upon approval of the budget by the County Assembly by 30th June, 2025.

164. Taking into account the constrained fiscal environment, the Government has adopted Zero Based Budgeting Approach to guide the prioritization and allocation of the scarce resources to projects and programmes in the FY 2025/26. Departments will therefore be required to re-evaluate all the existing/planned activities, projects, and programmes to be funded in the FY 2025/26 and medium-term budget and should therefore eliminate wasteful expenditures and pursue priorities which are aimed at safeguarding livelihoods, creating jobs, reviving businesses and economic recovery. The sector ceilings provided for the FY 2025/26 budget and the Medium Term will form inputs into the 2025 CFSP.

ANNEXES

ANNEX 1. COMPARISON OF EXCHEQUER ISSUES AND LOCAL REVENUE COLLECTION BY ON MONTHLY BASIS 2023-2024.

Month	Local Revenue	Exchequer Issues
July	207,528,785	668,229,525
August	177,215,561	6,000,000
September	181,775,384	642,761,844
October	162,567,466	668,229,525
November	172,237,724	628,921,906
December	215,196,393	678,229,525
January	493,700,462	628,921,906
February	489,469,385	668,229,525
March	1,200,484,931	0
April	265,269,807	1,155,880,198
May	358,003,900	691,421,906
June	534,308,498	1,695,766,669
Total	4,457,758,296	8,132,592,529

To compare Revenue collection between two major sources

ANNEX 2: COMPARISON OF LOCAL REVENUE BETWEEN FY 2018/2019 TO FY 2023/2024

MONTH	2018/2019	2019/2020	2020/2021	2021-2022	2022-2023	2023-2024
JULY	91,417,758	110,950,638	133,177,640	290,898,301	367,089,557	207,528,785
AUGUST	131,853,605	164,871,323	180,063,924	158,294,767	124,935,681	177,215,561
SEPTEMBER	75,372,653	195,639,679	207,752,314	324,609,448	76,843,866	181,775,384
OCTOBER	195,060,885	192,425,344	200,978,869	240,688,839	106,492,816	162,567,466
NOVEMBER	147,641,305	208,065,464	195,076,359	161,645,883	386,945,293	172,237,724
DECEMBER	362,828,365	228,108,277	162,790,308	220,922,958	339,317,651	215,196,393
JANUARY	434,584,730	286,649,313	441,650,127	498,998,855	270,132,327	493,700,462
FEBRUARY	422,738,253	421,483,469	415,598,494	479,635,817	510,261,367	489,469,385
MARCH	733,336,511	634,763,565	541,583,202	515,926,400	792,863,010	1,200,484,931
APRIL	468,186,699	203,268,450	280,251,148	290,568,789	420,946,047	265,269,807
MAY	203,642,080	160,817,790	211,868,868	138,306,690	393,590,939	358,003,900
JUNE	405,994,209	508,759,315	343,741,925	299,135,806	209,210,294	534,308,498
TOTAL	3,672,657,053	3,315,802,627	3,314,533,178	3,619,632,553	3,998,628,848	4,457,758,296

To Compare Local Revenue over the various fiscal years

ANNEX 3: COMPUTATION OF MONTHLY EXCHEQUER ISSUES BETWEEN FY 2018/2019 TO FY 2023/2024

MONTH	EXCHEQUER ISSUES 2018-2019	EXCHEQUER ISSUES 2019-2020	EXCHEQUER ISSUES 2020-2021	EXCHEQUER ISSUES 2021-2022	EXCHEQUER ISSUES 2022-2023	EXCHEQUER ISSUES 2023-2024
JULY	0	0	0	0	0	668,229,525
AUGUST	430,761,965	0	0	605,388,325	643,225,095	6,000,000
SEPTEMBER	587,699,500	1,228,083,300	0	643,225,095	605,388,325	642,761,844
OCTOBER	741,181,901	632,224,439	1,164,561,750	643,225,095	0	668,229,525
NOVEMBER	875,741,969	0	828,146,904	1,248,613,420	643,225,096	628,921,906
DECEMBER	822,680,000	824,676,155	574,671,000	605,388,325	605,388,325	678,229,525
JANUARY	944,297,016	949,232,625	798,466,182	643,225,095	983,546,633	628,921,906
FEBRUARY	794,895,339	1,592,730,838	628,955,904	643,225,095	0	668,229,525
MARCH	0	564,636,000	599,925,750	605,388,325	605,388,325	0
APRIL	1,515,161,166	40,134,590	599,925,750	681,061,865	1,286,450,190	1,155,880,198
MAY	54,151,120	741,084,750	574,844,314	643,225,095	605,388,325	691,421,906
JUNE	2,449,218,601	1,517,641,228	2,293,217,209	0	2,256,150,493	1,695,766,669
TOTAL DISBURSED	9,215,788,577	8,090,443,924	8,062,714,763	6,961,965,735	8,234,150,807	8,132,592,529

To compute monthly exchequer issues 18/19-23/24