



REPUBLIC OF KENYA

COUNTY GOVERNMENT OF KILIFI

THE COUNTY TREASURY

COUNTY BUDGET REVIEW AND OUTLOOK PAPER

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FOREWORD

The County Budget Review and Outlook Paper (CBROP) is a key instrument for Kilifi County's fiscal planning and management. It reviews the County's fiscal performance over the past financial year and sets the foundation for future budgeting. Prepared in line with the Public Finance Management (PFM) Act 2012, the 2024 CBROP guides the County's medium-term fiscal strategy, ensuring alignment with both local and national priorities.

The fiscal year 2023/24 was challenging due to global economic disruptions, high inflation, and local issues such as climate change, which affected key sectors like agriculture and tourism. Despite these obstacles, Kilifi County demonstrated resilience by adjusting its strategies, enabling progress in infrastructure, health, and education.

The CBROP's primary objective is to present an updated fiscal outlook that will inform the preparation of the County Fiscal Strategy Paper (CFSP) for 2025/26 and the Medium-Term Expenditure Framework (MTEF). This outlook allows the County Government to realign its priorities, ensuring fiscal discipline, efficient resource allocation, and enhanced accountability in public spending.

Looking ahead, the County remains committed to improving revenue mobilization, managing expenditures prudently, and enhancing service delivery. The CBROP highlights these areas, focusing on revenue collection, budget execution, and adherence to fiscal responsibility principles set by the PFM Act.

In the coming years, Kilifi County will prioritize investments that promote economic growth, social development, and resilience. Key areas of focus include boosting agricultural productivity, expanding infrastructure development, and improving healthcare and education access.

I express my sincere gratitude to the County Treasury, development partners, and members of the public for their participation in the preparation of this CBROP. Their contributions ensure that the document accurately reflects Kilifi's fiscal performance and outlook, guiding our collective efforts towards a prosperous and resilient future for the County.

HON. JOHN RAYMOND NGALA,
CECM – FINANCE & ECONOMIC PLANNING

ACKNOWLEDGEMENT

The preparation of the County Budget Review and Outlook Paper (CBROP) 2024 has been a collaborative effort, requiring the dedication and expertise of various individuals and institutions. I would like to extend my sincere appreciation to all those involved in this thorough review of Kilifi County's fiscal performance and future outlook.

First, I express my gratitude to the County Executive for their leadership and guidance throughout this process. Your commitment to sound fiscal management has ensured the prudent use of public resources in Kilifi County. I also wish to thank the County Treasury team, led by the Chief Officer of Finance and Economic Planning, for their tireless efforts in coordinating this document. Special thanks go to the Budget Department for compiling and analyzing data to ensure the accuracy and reliability of this CBROP.

I acknowledge the invaluable support of County Department heads, whose contributions were essential for reviewing the past year's performance and addressing fiscal challenges. Their input has helped realign spending priorities to meet Kilifi's broader development goals, as outlined in the County Integrated Development Plan (CIDP).

I also recognize the County Assembly for their oversight role in approving the budget, ensuring that our fiscal policies align with the legal framework and the interests of Kilifi's residents. To our development partners, I extend heartfelt appreciation for your continued financial and technical support, which has been critical to the County's economic growth.

Finally, I am grateful to the citizens of Kilifi for their active participation in the budget process. Your feedback has helped shape this document, ensuring it reflects the aspirations of our community.

With continued collaboration, I am confident we will achieve the objectives outlined in this CBROP and secure a prosperous future for Kilifi County.

JOE TETE
CHIEF OFFICER – ECONOMIC PLANNING

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
BROP	Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CBROP	County Budget Review and Outlook Paper
CBR	Central Bank Rate
CRA	Commission for Revenue Allocation
FY	Fiscal Year
GDP	Gross Domestic Product
IMF	International Monetary Fund
IPPD	Integrated Personnel and Payroll Database
KES	Kenya Shillings
KEU	Kenya Economic Update
MDAs	Ministries, Departments and Agencies
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
PFM	Public Financial Management
PSA	Public Service Administration
PPP	Public Private Partnership
SWG	Sector Working Group
UPN	Unified Payroll Number
USD	United State Dollar

EXECUTIVE SUMMARY

The County Budget Review and Outlook Paper (CBROP) 2024 provides a detailed analysis of Kilifi County's fiscal performance for the financial year 2023/24 and an updated economic outlook for the medium term. Prepared under Section 118 of the Public Finance Management (PFM) Act 2012, the CBROP is key in guiding future budget processes, including the preparation of the County Fiscal Strategy Paper (CFSP) 2025 within the Medium-Term Expenditure Framework (MTEF).

In 2023/24, Kilifi County faced global and local challenges such as inflation, erratic weather, and slow recovery in agriculture and tourism. With a KES 20.04 billion approved budget, KES 11.59 billion was allocated to recurrent expenditure and KES 8.45 billion to development. Revenue collection reached KES 16.49 billion, missing the target due to inefficiencies, though expenditure absorption was high at 92.03% for recurrent spending. Development absorption lagged at 54.33%, highlighting the need for improved project implementation.

Despite these challenges, notable achievements were made in infrastructure, health, education, and agriculture. Investments included upgrading roads, enhancing healthcare facilities, expanding Early Childhood Development Education (ECDE), and supporting agriculture through irrigation and market access for small-scale fishers.

The County adhered to most fiscal responsibility principles, maintaining recurrent expenditure below total revenue and managing the wage bill within limits. However, own-source revenue collection remained a challenge, which the County plans to address through reforms.

Looking ahead, Kilifi County is cautiously optimistic about growth, focusing on key sectors such as agriculture, tourism, health, and education, while improving fiscal discipline and collaborating with development partners. The revenue outlook for 2024/25 is projected at KES 18.19 billion. The CBROP emphasizes fiscal discipline, revenue enhancement, and high-impact projects to drive growth and improve residents' livelihoods.

PREAMBLE

Legal Basis for the Publication of the Budget Review and Outlook Paper

The 2021 County Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Finance Management Act, 2012. The law states that:

1. The County Treasury shall -
 - a) prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and
 - b) submit the paper to the County Executive Committee by the 30th September of that year.
2. In preparing its county Budget Review and Outlook Paper, the County Treasury shall specify—
 - a) The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year
 - b) The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;
 - c) Information on any changes in the forecasts compared with the County Fiscal Strategy Paper and how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year;
 - d) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.
3. The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.
4. Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall:
 - a) arrange for the Paper to be laid before the County Assembly; and
 - b) as soon as practicable after having done so, publish and publicize the Paper.

Fiscal Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the new Public Finance 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 107(2)) states that: In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles-

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

CHAPTER 1: INTRODUCTION

1.1 Background

- 1. The County Budget Review and Outlook Paper (CBROP 2024) has been prepared in line with the provisions of the Public Finance Management, PFM Act, 2012 that are relevant to the devolved systems of Government.** Specifically, the Act requires that every County prepares a CBROP by 30th September of that financial year. This CBROP reviews the actual fiscal performance of the financial year 2022/23 and makes comparisons to the budget appropriations for the same year. It also provides the recent economic developments and the updated economic and financial forecast with sufficient information to show variations from the initial forecast in FY 2023/24.

1.2 Objective of the CBROP

- 2. The objective of CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles to be set out in the CFSP.** This together with macroeconomic outlook provides a basis for revision of the current budget in the context of 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 CFSP.
- 3. Specifically, the CBROP provides:**
 - a) Updated economic and financial forecasts in relation to the changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);
 - b) Details of the actual fiscal performance in the previous year compared to the budget appropriation for that particular year;
 - c) Any changes in the forecasts compared with the CFSP;
 - d) Indication on 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
 - e) Reasons for any deviation from the financial objectives in the CFSP together with proposed measures to address the deviation and the time estimated for doing so.

1.3 Significance of CBROP

- 3. The paper is a policy document and links planning with budgeting.** It is significant in the budget making process within the Medium-Term Expenditure Framework (MTEF) as it reviews previous fiscal performance for the year and identifies any deviations from the budget with the aim of providing realistic forecasts for the coming year. It also assesses how fiscal responsibility principles were adhered as provided in section 107 of the PFM Act 2012.

- 4. In addition, the updated macroeconomic and financial outlook provides a basis for any budget revision and sets out broad fiscal parameters for the next budget.** Further, the paper is expected to provide indicative sector ceilings for the FY 2025/26 budget and in the medium term to guide Sector Workings groups (SWGs) before being affirmed in the CFSP 2025.

CHAPTER 2: REVIEW OF FISCAL PERFORMANCE IN FY2023/24

2.1 Overview of Fiscal Performance

2.1.1 Overview of FY2022/23 Budget

5. The County's approved supplementary budget for FY 2023/24 was KES 20.04 billion, comprising of KES 8.45 billion (42.2 per cent) and KES 11.59 billion (57.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 30.6 per cent compared to the previous financial year when it was KES 15.35 billion and comprised of KES 5.42 billion towards development expenditure and KES 9.93 billion for recurrent expenditure.
6. To finance the budget, the County expected to receive KES 12.11 billion (60.4 per cent) as the equitable share of revenue raised nationally, KES 2.67 billion as additional allocations/conditional grants (13.3 per cent), unconditional allocation from mineral royalties of KES 950.06 million (4.7 per cent), a cash balance of KES 2.52 billion (12.6 per cent) was brought forward from FY 2022/23 and generate KES 1.79 billion (8.9 per cent) as gross own source revenue. The own-source revenue includes KES 200.0 million (1.0 per cent) as Facility Improvement Fund (revenue from health facilities) and KES 1.59 billion (7.9 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in **Table 1**.

2.1.2 Revenue Performance

7. In the FY 2023/24, the County received KES 11.14 billion as an equitable share of the revenue raised nationally, KES 1.63 billion as additional allocations/conditional grants, and a cash balance of KES 2.52 billion from FY 2022/23, and raised KES 1.21 billion as own-source revenue (OSR). The raised OSR includes KES 472.22 million as FIF and KES 736.39 million as ordinary OSR. The total funds available for budget implementation during the period amounted to KES 16.51 billion, as shown in **Table 1**.

Table 1: Revenue Performance for FY 2023/24

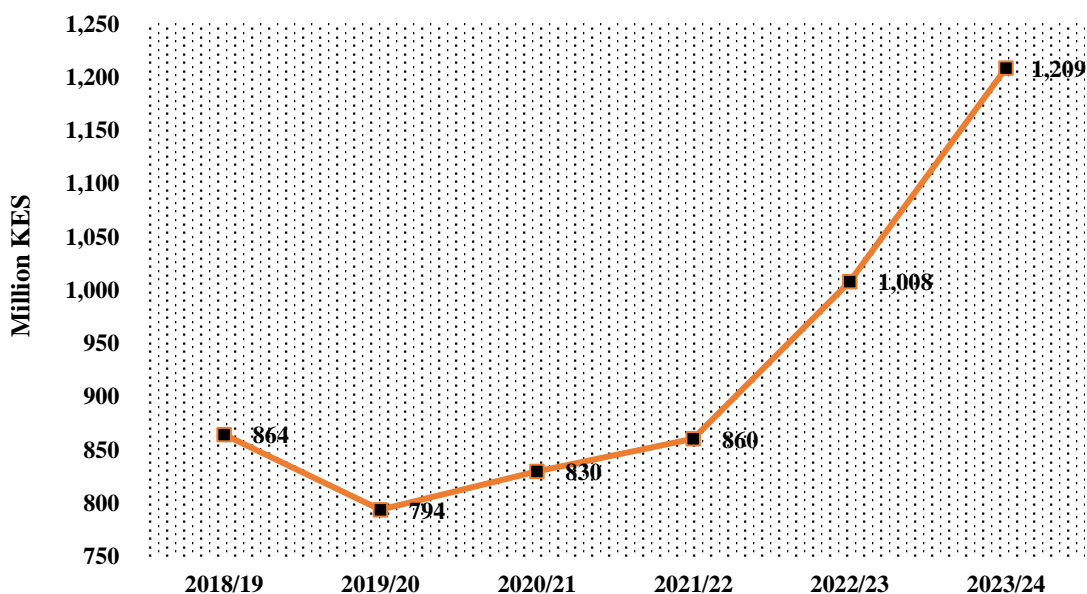
Revenue	Annual Budget Allocation (in KES)	Actual Receipts	Variance	% Receipts
Equitable Share of Revenue Raised Nationally	12,113,734,119	11,140,464,455	973,269,664	91.97
Sub Total	12,113,734,119	11,140,464,455	973,269,664	91.97
Conditional Grants				
Leasing of Medical Equipment	124,723,404	-	124,723,404	-
Provision of Fertilizer Subsidy Programme	134,390,478	-	134,390,478	-
Aggregated Industrial Parks Programme	100,000,000	-	100,000,000	-
Livestock Value Chain Support Project	14,323,680	-	14,323,680	-
De-Risking and Value Enhancement (DRIVE)	63,341,980	-	63,341,980	-
Kenya Marine Fisheries and Socio-Economic Development (KEMFSED)	98,880,952	-	98,880,952	-
Conditional Grant for the Transfer of Library Services	4,533,621	-	4,533,621	-
National Agricultural and Rural Inclusive Growth Project (NARIGP)	150,000,000	4,261,826	145,738,174	2.84
DANIDA Grant (Universal Healthcare in Devolved System Programme)	19,057,500	19,057,500	-	100.00
Water Sanitation Development Programme (WSDP)	1,300,000,000	1,007,626,519	292,373,481	77.51

Revenue	Annual Budget Allocation (in KES)	Actual Receipts	Variance	% Receipts
World Bank Credit to Finance Locally-Led Climate Action Program	11,000,000	11,000,000	-	1,439.94
Financing Locally Led Climate Action Program, County Climate Change Resilience Investment (CCRI) Grant	147,392,926	147,392,926	-	-
Agricultural Sector Development Support Programme (ASDSP) II	6,741,231	-	6,741,231	-
Kenya Informal Settlement and Improvement Project (KISIP)	250,000,000	250,000,000	-	100.00
World Bank Credit National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	199,794,540	50,205,460	79.92
Sub-Total	2,674,385,772	1,639,133,310	1,035,252,462	61.29
Other Sources of Revenue				
Ordinary Own Source Revenue	1,588,634,222	736,398,330	852,235,892	46.35
Balance b/f from FY2022/23	2,516,966,337	2,516,966,337	-	100.00
Facility Improvement Fund (FIF)	200,000,000	472,221,669	(272,221,669)	236.11
Other Revenues	950,062,289	-	950,062,289	-
Sub Total	5,255,662,848	3,725,586,336	1,530,076,512	70.89
Grand Total	20,043,782,739	16,505,184,101	3,538,598,638	82.35

Source: The County Treasury

8. The trend in own-source revenue collection for the financial years from FY 2018/19 to FY 2023/24 is shown in **Figure 1**.

Figure 1: Trend in Own-Source Revenue Collection from FY 2018/19 to FY 2023/24



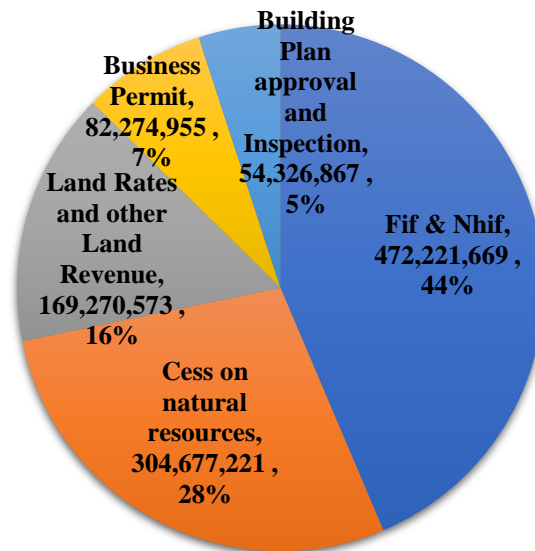
Source: The County Treasury

9. In the FY 2023/24, the County generated a total of KES 1.21 billion from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 45.3 per cent compared to KES 661.68 million realized in FY 2022/23 and was 67.5 per cent of the annual target and 10.8 per cent of the equitable revenue share disbursed during the period. The increase in own source revenue can be attributed to the higher collection of FIF, which

resulted from stringent revenue collection measures that sealed leakages. The revenue streams which contributed the highest OSR receipts are shown in **Figure 2**.

10. The highest revenue stream of KES 472.221 million was from the health services improvement fund, contributing to 44 per cent of the total OSR collected during the reporting period.

Figure 2: Top Streams of Own Source Revenue in FY 2023/24



Source: The County Treasury

2.1.3 Exchequer Issues

11. The Controller of Budget approved withdrawals of KES 14.51 billion from the CRF account during the reporting period, which comprised KES 4.29 billion (29.6 per cent) for development programmes and KES 10.22 billion (70.4 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the FY 2023/24 indicates that KES 4.36 billion was released towards Employee Compensation and KES 5.86 billion for Operations and Maintenance expenditure. The available cash balance in the County Revenue Fund Account at the end of FY 2023/24 was KES 1.47 billion.

2.2 Expenditure Review

12. The County spent KES 15.42 billion on development and recurrent programmes in the reporting period. The expenditure represented 106.1 per cent of the total funds released by the CoB and comprised of KES 4.71 billion and KES 10.68 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 55.8 per cent, while recurrent expenditure represented 92.1 per cent of the annual recurrent expenditure budget.

2.2.1 Settlement of Pending Bills

13. At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to KES 2.21 billion, comprising of KES 870.95 million for recurrent expenditure and KES 1.34 billion for development activities. In the FY 2023/24, the County settled pending bills amounting to KES 988.54 million, which consisted of KES 238.53 million for recurrent

expenditure and KES 750.02 million for development programmes. Therefore, as of the end of FY 2023/24, the outstanding amount was KES 1.22 billion. This, however, excludes unpaid bills from FY 2023/24. The County Assembly reported outstanding pending bills of KES 12.35 million as of 30th June 2024.

2.2.2 Expenditure by Economic Classification

14. Analysis of expenditure by economic classification indicates that the County Executive spent KES 3.74 billion on employee compensation, KES 5.94 billion on operations and maintenance, and KES 4.59 billion on development activities. Similarly, the County Assembly spent KES 456.26 million on employee compensation, KES 540.61 million on operations and maintenance, and KES 128.87 million on development activities, as shown in **Table 2**.

Table 2: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (KES)		Expenditure (KES)		Absorption	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	10,593,695,921	1,000,059,543	9,749,783,203	996,871,040	92.03%	99.68%
Compensation to Employees	4,588,874,841	468,603,589	4,568,048,816	446,331,668	99.55%	95.25%
Operations and Maintenance	4,382,900,978	318,139,524	3,747,133,015	362,082,702	85.49%	113.81%
Other Recurrent	1,621,920,102	213,316,430	1,434,601,372	188,456,670	88.45%	88.35%
Development Expenditure	8,450,027,275	231,274,724	4,585,393,870	128,875,067	54.33%	55.72%
Total	19,043,723,196	1,231,334,267	14,335,177,073	1,125,746,107	74.97%	90.75%

Source: The County Treasury

2.2.3 Expenditure on Employees' Compensation

15. In the FY 2023/24, expenditure on employee compensation was KES 4.19 billion, or 26.2 per cent of the available revenue, which amounted to KES 16.03 billion. This expenditure represented a decrease from KES 4.77 billion reported in FY 2022/23. The wage bill included KES 2.17 billion paid to health sector employees, translating to 51.8 per cent of the total wage bill.

2.2.4 Expenditure on Operations and Maintenance

16. The County Assembly spent KES 34.45 million on committee sitting allowances for the 56 MCAs against the annual budget allocation of KES 36.0 million. The average monthly sitting allowance was KES 51,268 per MCA. The County Assembly has established 23 Committees.
17. During the period under review, the County Executive spent KES 5.94 billion on Operations and Maintenance which was 97.4 per cent of the annual budget whereas the County Assembly spent KES 540.61 million on Operations and Maintenance which was the total annual allocation.

2.2.5 County Emergency Fund and County-Established Funds

18. Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated KES 1.0 billion to county-established funds in FY 2023/24, constituting

5 per cent of the County's overall budget. Further, the County allocated KES 250.0 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012. **Table 3** summarises each established Fund's budget allocation and performance during the reporting period.

Table 3: Performance of County Established Funds in the FY 2023/24

S/No.	Name of the Fund	Approved Budget (KES)	Exchequer Issues (KES)	Actual Expenditure (KES)
County Executive Established Funds				
1	Kilifi County Car Loan & Mortgage Fund	120,000,000	-	-
2	Kilifi County Ward Scholarship Fund	350,000,000	295,000,000	235,000,000
3	Kilifi County Emergency Fund	250,000,000	250,000,000	100,000,000
4	Kilifi County Wezesha Fund	150,000,000	115,000,000	75,000,000
5	Kilifi County Health Services Improvement Fund	25,932,178	-	-
County Assembly Established Funds				
1	Kilifi County Assembly Car Loan & Mortgage Fund	112,000,000	110,290,000	110,290,000
Total		1,007,932,178	770,290,000	520,290,000

Source: The County Treasury

2.2.6 Development Expenditure

19. In FY 2023/24, the County reported spending KES 4.71 billion on development programmes, representing an increase of 40.2 per cent compared to FY 2022/23, when the County spent KES 3.36 billion. **Table 4** below summarises development projects with the highest expenditure in the reporting period.

Table 4: List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum	Amount paid to date (KES)	Implementation status
1	Education & Early Childhood Development	Provision of Nutritious Porridge at ECDS	Countywide	100,000,000	69,552,000.00	Ongoing
2	Roads & Transport	Maintenance of Roads at County Head Quarters	County HQ	70,000,000	60,841,619	Complete
3	Health & Sanitation	Construction of KCH Complex Phase II	County HQ	389,235,734.52	13,824,345.00	Ongoing
4	Water	Upgrade of Mwavumbo pumping Station	Mariakani	15,991,934	7,000,000	Ongoing
5	Blue Economy	Construction of Shore Protection Wall at Ngomeni	Ngomemi	73,000,000	15,000,000	Ongoing
6	Water	Bodoi Pipeline	Garashi	5,000,000	4,999,999.00	Complete
7	Water	Mazeras Booster Pump	Rabai Kisurutini	5,000,000	4,999,999.00	Complete
8	Water	Maintenance & Repair of 10 No. Boreholes in Sabaki Ward	Sabaki	5,000,000	4,999,999.00	Complete
9	Youth & Sports	Talent search programme	Countywide	12,220,538	4,803,500	Ongoing
10	Water	Maintenance & Repair of 8 No. Boreholes in Matsangoni Ward	Matsangoni	4,000,000	3,999,999.00	Complete

Source: The County Treasury

2.2.7 Budget Performance by Department

20. **Table 5** summarizes the approved recurrent budget allocation, expenditure and absorption rate by departments in FY 2023/24.

Table 5: Recurrent Budget Allocation and Absorption Rate by Department

DEPARTMENTS/DIVISIONS	Approved Estimates FY 2023/2024	Actual Expenditure FY 2023/2024	Variance	% Absorption
County Assembly	1,000,059,543	996,871,040	3,188,503	99.68%
Office of the Governor	402,733,339	375,770,062	26,963,277	93.30%
Finance	574,840,360	533,922,520	40,917,840	92.88%
Agriculture	91,943,619	82,231,775	9,711,844	89.44%
Lands & Energy	53,392,624	66,411,026	-13,018,402	124.38%
CPSB	72,937,177	28,300,382	44,636,795	38.80%
Public Service Mgt	4,930,954,904	4,931,070,507	-115,603	100.00%
County Attorney	167,425,861	148,874,745	18,551,116	88.92%
Economic Planning	99,887,626	67,542,038	32,345,588	67.62%
Livestock	27,213,627	34,984,068	-7,770,441	128.55%
ICT	29,159,058	21,025,744	8,133,314	72.11%
Physical Planning, Housing & UD	362,451,970	338,499,538	23,952,432	93.39%
Cooperatives Development	29,815,607	32,673,427	-2,857,820	109.58%
Resource Mobilization	151,881,869	132,181,277	19,700,593	87.03%
Blue Economy	23,213,877	24,596,540	-1,382,663	105.96%
Water Services	56,561,635	48,413,564	8,148,071	85.59%
Environment & Nat Resources	160,599,949	107,740,761	52,859,188	67.09%
Forestry & Climate Change	11,000,000	-	11,000,000	0.00%
Education	572,401,423	411,991,874	160,409,549	71.98%
Health & Sanitation Services	2,014,942,943	1,850,743,380	164,199,563	91.85%
Roads & Transport	313,352,447	216,347,905	97,004,542	69.04%
Public Works	9,050,000	2,670,510	6,379,490	29.51%
Gender & Social Services	74,134,542	45,622,278	28,512,264	61.54%
Youth Affairs	50,094,821	36,493,008	13,601,813	72.85%
Trade Development	33,308,533	26,647,807	6,660,726	80.00%
Tourism Promotion	40,427,680	39,553,638	874,042	97.84%
Devolution	44,764,520	44,995,320	-230,800	100.52%
Special Programmes	125,205,911	49,289,148	75,916,763	39.37%
County Secretary	70,000,000	51,190,360	18,809,640	73.13%
TOTAL	11,593,755,465	10,746,654,243	847,101,222	92.69%

Source: The County Treasury

21. Table 6 summarizes the approved development budget allocation, expenditure and absorption rate by departments in FY 2023/24.

Table 6: Development Budget Allocation and Absorption Rate by Department

DEPARTMENTS/DIVISIONS	Approved Estimates FY 2023/2024	Actual Expenditure FY 2023/2024	Variance	Absorption
County Assembly	231,274,724	128,875,067	102,399,657	55.72%
Office of the Governor				
Finance	18,441,989		18,441,989	0.00%
Agriculture	806,929,201	813,894,183	(6,964,982)	100.86%
Lands & Energy	306,306,836	115,679,517	190,627,319	37.77%
CPSB				
Public Service Mgt	75,000,000		75,000,000	0.00%
County Attorney	26,400,000	21,182,690	5,217,310	80.24%
Economic Planning				
Livestock	141,183,307	80,567,808	60,615,499	57.07%
ICT				
Physical Planning, Housing & UD	332,186,181	304,472,756	27,713,425	91.66%
Cooperatives Development	29,356,092	4,386,850	24,969,242	14.94%
Resource Mobilization				
Blue Economy	190,293,248	92,490,189	97,803,059	48.60%
Water Services	2,227,939,650	1,183,928,296	1,044,011,355	53.14%
Environment & Nat Resources	13,000,000		13,000,000	
Forestry & Climate Change	280,727,305	24,592,370	256,134,935	8.76%
Education	424,181,661	252,361,099	171,820,563	59.49%
Health & Sanitation Services	898,642,678	471,381,955	427,260,723	52.45%
Roads & Transport	1,415,660,467	737,797,837	677,862,630	52.12%
Public Works				
Gender & Social Services	177,714,509	44,968,589	132,745,920	25.30%
Youth Affairs	394,637,741	67,849,179	326,788,562	17.19%
Trade Development	394,828,147	374,308,174	20,519,973	94.80%
Tourism Promotion				
Devolution	25,000,000	23,232,789	1,767,211	92.93%
Special Programmes	40,323,539	17,268,179	23,055,360	42.82%
County Secretary				
TOTAL	8,450,027,275	4,759,237,525	3,690,789,750	56.32%

Source: The County Treasury

22. Analysis of expenditure by departments shows that the Department of Agriculture recorded the highest absorption rate of development budget at 96.4 per cent, followed by the Department of Trade at 94.8 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 98.7 per cent, while the Department of Forestry & Climate Change did not report any recurrent expenditure as shown in Annex 1.

2.2.8 Adherence to Fiscal Responsibility Principles

23. In accordance with Section 107 of the Public Finance Management (PFM) Act, 2012, Kilifi County strives to adhere to the fiscal responsibility principles laid out in the Act. These principles are crucial to ensuring prudent management of public resources, maintaining fiscal discipline, and promoting sustainable economic growth.

24. The County Government's recurrent expenditure must not exceed the total revenue. In FY 2023/24, the recurrent expenditure totaled KES 10,746,654,243, which is within the total revenue collected (KES 16.51 billion). This shows adherence to this requirement, as recurrent costs, including personal emoluments and operational costs, remained within the revenue limits.
25. Over the medium term, at least 30% of the County's budget must be allocated to development expenditure. In FY 2023/24, the approved development budget amounted to KES 8.45 billion, representing 42.2% of the total budget. However, only KES 4.63 billion (54.8%) of the development budget was absorbed due to delays in project implementation, resulting in a variance of KES 3.82 billion. Although the allocation meets the required threshold, efforts must be made to improve the absorption of development funds.
26. The County's expenditure on wages and benefits must not exceed the limit prescribed by regulations. The Public Finance Management Regulation 25(1)(b) caps wage-related expenditures at 35% of total county revenue. Kilifi County's expenditure on personal emoluments during the FY 2023/24 amounted to KES 5.01 billion, which is within the required limit.
27. The County experienced a significant variance in total revenue and actual receipts. The total revenue was budgeted at KES 20.04 billion, while actual receipts amounted to KES 16.51 billion, leading to a shortfall of KES 3.54 billion. The largest variances were seen in own-source revenue (shortfall of KES 852.24 million) and conditional grants (shortfall of KES 1.04 billion). This underperformance in revenue collection impacts the execution of the overall budget. A summary of the Fiscal Performance for FY2023/24 is shown in **Table 7**.

Table 7: Summary of Fiscal Performance FY 2023/24

Revenue	Annual Budget Allocation	Actual Receipts	Variance
Equitable Share of Revenue Raised Nationally	12,113,734,119	11,140,464,455	973,269,664
Sub Total	12,113,734,119	11,140,464,455	973,269,664
Conditional Grants	2,674,385,772	1,639,133,310	1,035,252,462
Sub-Total	2,674,385,772	1,639,133,310	1,035,252,462
Other Sources of Revenue			
Ordinary Own Source Revenue	1,588,634,222	736,398,330	852,235,892
Balance b/f from FY2022/23	2,516,966,337	2,516,966,337	-
Facility Improvement Fund (FIF)	200,000,000	472,221,669	-272,221,669
Other Revenues	950,062,289	-	950,062,289
Sub Total	5,255,662,848	3,725,586,336	1,530,076,512
Grand Total	20,043,782,739	16,505,184,101	3,538,598,638
Expenditure			
Personal Emoluments	5,057,478,430	5,014,380,484	43,097,946
Operation and Maintenance	4,701,040,502	4,109,215,717	591,824,786
Other recurrent	1,835,236,532	1,623,058,042	212,178,490
Development	8,450,027,275	4,630,362,458	3,819,664,817
Total	20,043,782,739	15,377,016,701	4,666,766,038

Source: The County Treasury

CHAPTER 3: RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

3.1 Recent Economic Developments

3.1.1 Global and Regional Economic Developments

- 28. In 2024, global economic growth is projected to remain subdued, following a significant slowdown in 2023, which recorded a growth rate of 1.7%.** The sharp deceleration in 2023 was driven by several factors, including persistently high inflation, ongoing disruptions in supply chains and energy markets, and substantial monetary policy tightening across the globe. Although there was some relief towards the end of 2023 due to stabilizing commodity prices, global inflation continued to exceed central bank targets in most inflation-targeting economies, complicating the economic outlook.
- 29. To combat inflation, central banks worldwide implemented aggressive monetary tightening measures throughout 2023.** While these measures succeeded in easing some inflationary pressures, they also exacerbated global financial conditions. The collapse of financial institutions, including Credit Suisse and two prominent U.S. regional banks, highlighted vulnerabilities within the global financial system, shaking investor confidence and amplifying risks, particularly in the United States and the euro area. Consequently, several emerging markets and developing economies experienced significant capital outflows and increased borrowing costs, especially those with lower credit ratings. Amid ongoing monetary policy tightening and deteriorating financial conditions, global growth is expected to remain modest, with a projected growth rate of 2.4% in 2024, indicating only a slight recovery.
- 30. Commodity prices are expected to stabilize in 2024 after experiencing significant fluctuations in the previous years.** In 2023, commodity prices dropped by 14% in the first quarter and were approximately 30% lower than their peak in June 2022. Despite this decline, prices for major commodities remained above the average levels observed between 2015 and 2019. Brent oil, for example, fell by 35% from its peak in 2022 but continued to trade at levels higher than those seen before the pandemic. Oil prices are expected to average around \$82 per barrel in 2024, reflecting weaker growth prospects in advanced economies. Agricultural commodity prices, which also fell in 2022 and 2023, are anticipated to continue their downward trend in 2024. Despite these declines, food prices remain elevated compared to pre-pandemic levels, with the food price index being the second-highest since 1975. However, local food price inflation continues to be a concern in many regions due to slow price adjustments and the impact of a strong U.S. dollar.
- 31. Economic growth in sub-Saharan Africa further decelerated to 3.1% in 2023, down from 3.6% in 2022, as the region grappled with global economic headwinds and domestic challenges.** Despite these difficulties, East African Community economies demonstrated relative resilience. Ethiopia and Uganda continued to record strong real GDP growth, estimated at around 6% for the fiscal year 2023 and projected to exceed 6.5% in 2024. Tanzania's economy grew by 5.1% in 2023 and is expected to maintain this pace into 2024. However, the region continues to face pressures from global economic sluggishness,

high inflation, and tightening financial conditions, which could pose risks to achieving higher growth rates in the coming years.

3.1.2 Domestic Economic Developments

- 32. Nationally, the economy faced numerous challenges that continued to slow growth and exacerbate the cost of living into 2023.** Inflation reached some of the highest levels seen in recent years, driven primarily by global disruptions in food and fuel supply chains, lingering effects of the Russian invasion of Ukraine, and ongoing supply chain issues. Additionally, East Africa was hit by a severe drought, the worst in four decades, which exacerbated inflationary pressures and led to widespread food insecurity and job losses affecting millions. In Kenya, the local currency, the shilling, remained under pressure throughout 2023 due to tightening monetary policies by major central banks, reduced foreign exchange reserves, and the high external financing needs of the country. The government's fiscal position was strained by limited access to international capital markets, necessitating measures to mitigate the impact of global food and energy price increases on domestic inflation.
- 33. Kenya's economic performance in 2023 continued to moderate, aligning more closely with its long-term growth trajectory.** Real GDP expanded by approximately 4.9%, a slight improvement from the 4.8% growth in 2022 but still below the robust 7.5% rebound experienced in 2021 following the COVID-19 crisis. This growth rate reflects Kenya's potential GDP growth and the average growth observed over the pre-pandemic decade. The ongoing climate shocks, particularly severe droughts, have significantly impacted agricultural output, with non-agricultural GDP growth reaching around 6.2% in 2023. Additionally, domestic policy tightening, coupled with global financial challenges, continued to weigh on economic activity, particularly in the latter part of the year.
- 34. In 2023, Kenya experienced continued pressure on its economic drivers due to rising living costs and challenging financial conditions.** Private consumption, a critical component of domestic demand, saw further deceleration as local prices remained elevated and agricultural output struggled to recover. This situation led to a decline in real disposable incomes, though higher remittances provided some cushioning effect on private consumption and overall economic growth. Despite the slowdown in private consumption, government spending increased, primarily due to continued subsidies aimed at mitigating the impact of high fuel and food prices. However, investment contracted once again in 2023, following a 2022 trend, as development spending decreased in line with ongoing fiscal consolidation efforts. The investment climate was further strained by a weakening local currency, persistent foreign exchange shortages, and global financial instability, resulting in capital goods imports growing by only 1.5% in 2023, compared to the substantial 20.4% growth recorded in 2021.
- 35. The contribution of net exports to total demand showed a slight improvement in 2023, primarily due to a continued slowdown in import activity.** This marginal improvement, however, was insufficient to offset the broader challenges faced by Kenya's economy, which navigated a complex environment characterized by high-cost pressures, financial

constraints, and weakened consumption and investment. These factors collectively contributed to a challenging economic landscape, affecting overall economic performance and growth potential.

- 36. At the County level, Kilifi County experienced a mixed economic performance, influenced by both persistent challenges and positive developments across key sectors.** The county's economy, which is primarily driven by agriculture, tourism, and fishing, showed signs of resilience despite facing significant headwinds such as climate change impacts, high poverty levels, and youth unemployment.
- 37. Agriculture remained central to Kilifi County's economy, employing most of the population and significantly contributing to household incomes.** However, in 2023, the sector faced major challenges due to erratic weather patterns and prolonged droughts driven by climate change, which negatively impacted crop yields and livestock production. Despite these difficulties, the county government, with support from development partners, made progress by investing in irrigation infrastructure and promoting climate-smart agricultural practices to enhance resilience and improve water management. Efforts to improve market access were also made, though challenges like inadequate agricultural inputs and extension services continued to limit the sector's growth.
- 38. The tourism sector showed signs of recovery in 2023, largely driven by increased domestic tourism.** The easing of global travel restrictions and strategic marketing efforts helped to attract more visitors to the county, though international arrivals remained below pre-pandemic levels. The county government, recognizing the importance of diversifying the tourism sector, launched several initiatives to promote eco-tourism and cultural tourism. These efforts aimed to reduce the sector's vulnerability to external shocks and enhance its contribution to the local economy. However, the tourism industry continued to face challenges such as inadequate infrastructure, competition from other regions, and environmental degradation, which affected the quality of the tourist experience.
- 39. The fishing sector remained vital for food security and income generation in 2023, but it faced numerous challenges.** Overfishing, competition from industrial fishing operations, and limited access to modern fishing equipment hindered the sector's growth. Additionally, the impacts of climate change, such as rising sea temperatures and changes in marine ecosystems, posed long-term risks to fish stocks. In response, the county government implemented several measures to support small-scale fishers. These included capacity-building programs aimed at improving fishing techniques, as well as efforts to enhance market access and value addition. The government also worked with environmental organizations to promote sustainable fishing practices and protect marine resources, though the effectiveness of these initiatives remains a work in progress.
- 40. Infrastructure development has been a key focus for Kilifi County as it seeks to improve connectivity and support economic growth.** In 2023, significant progress was made in the construction and rehabilitation of road networks, which are critical for enhancing access to markets and boosting trade. The ongoing improvement of the Mombasa-Malindi highway, a major transport artery, is expected to have a positive impact

on both trade and tourism by reducing travel time and improving safety. Furthermore, the county government invested in expanding access to electricity and improving water supply systems, particularly in rural areas. These efforts aimed to enhance the living standards of residents and create a more conducive environment for economic activities. However, challenges such as funding constraints and delays in project implementation continued to affect the pace of infrastructure development.

- 41. Youth unemployment remains a significant challenge in Kilifi County, with many young people struggling to find gainful employment.** In 2023, the county government intensified its efforts to address this issue through various programs aimed at empowering the youth. These included vocational training initiatives, entrepreneurship development programs, and the promotion of small and medium-sized enterprises (SMEs). Despite these efforts, the impact on youth unemployment has been limited, largely due to structural issues such as inadequate access to capital, limited job opportunities, and the slow pace of economic diversification. The government has recognized the need for a more integrated approach that includes improving education quality, enhancing access to credit, and fostering a business-friendly environment to create sustainable employment opportunities for the youth.
- 42. Kilifi County continues to face high levels of poverty and inequality, which have been exacerbated by the ongoing economic challenges.** Many households remain vulnerable to food insecurity, particularly in rural areas where agriculture is the primary source of income. The county government, in collaboration with national and international partners, has implemented social protection programs aimed at supporting vulnerable populations, including cash transfer programs and food aid. Despite these efforts, the scale of poverty reduction has been slow, and there is a need for more targeted interventions to address the root causes of poverty, such as improving access to education, healthcare, and economic opportunities. The county's development strategy emphasizes inclusive growth, but achieving this goal will require sustained efforts and effective resource allocation.

3.2 Medium-Term Outlook and Risks

3.2.1 Medium-Term Outlook

- 43. Kenya's medium-term growth prospects remain positive as the economy continues to recover from recent global and domestic challenges.** Real GDP is projected to grow by 5.0% in 2024 and 5.3% on average in 2025-26 (**Table 6**). This near-term growth forecast aligns closely with Kenya's estimated potential GDP growth rate and the pre-pandemic average of 5.0%. Real per capita incomes are expected to increase, supported by strong private consumption growth, which is projected at 4.9% in 2024 and further improving to 5.3% and 5.4% in 2025 and 2026, respectively.
- 44.** The medium-term growth is bolstered by a robust recovery in agriculture, with the sector expected to grow by 4.1% in 2024 and continuing to expand at around 4.4% to 4.5% in the subsequent years, driven by improved weather conditions and enhanced investment in climate-smart practices. Additionally, a decline in global commodity prices and a resurgence in private investment are expected to contribute to economic growth. However,

the outlook assumes a significant moderation in government consumption, projected to grow by just 1.6% in 2024 and below 1.1% thereafter, as the government continues with fiscal consolidation efforts.

45. Higher electricity tariffs are expected to maintain elevated energy prices, potentially increasing production costs for small businesses, while tight monetary policy is anticipated to moderate inflationary pressures, which are expected to decrease to 7.0% in 2024 and stabilize at 5.0% in the following years.

Table 8: Key economic indicators and forecasts, 2021 to 2026 (percent, unless otherwise stated)

	2021	2022	2023	2024 f	2025 f	2026 f
Real GDP growth, at constant market prices	7.6	4.9	5.6	5.0	5.3	5.3
Private consumption	6.2	3.1	6.1	4.9	5.3	5.4
Government consumption	6.0	8.1	3.5	1.6	0.8	1.1
Gross fixed capital investment	10.8	-0.8	1.9	5.3	7.8	7.8
Exports, goods, and services	15.3	11.9	-4.5	8.7	9.6	9.9
Imports, goods, and services	22.2	4.6	-3.1	3.0	5.5	6.4
Real GDP growth, at constant factor prices	7.2	4.7	5.9	5.0	5.3	5.3
Agriculture	-0.4	-1.5	6.5	4.1	4.4	4.5
Industry	7.5	3.9	1.9	4.0	4.1	4.3
Services	9.6	6.6	6.8	5.6	5.9	5.9
Inflation (consumer price index)	6.1	7.7	7.7	7.0	5.0	5.0
Current account balance (% of GDP)	-5.1	-5.1	-4.0	-3.9	-4.0	-4.1
Foreign direct investment inflow (% of GDP)	0.4	0.7	0.7	0.6	0.7	0.8
Fiscal balance (% of GDP) *	-8.2	-6.2	-5.6	-5.5	-3.9	-3.3
Revenues (% of GDP)	16.1	17.5	16.7	19.2	19.3	19.4
Debt (% of GDP)	67.7	67.8	72.0	68.0	64.8	61.7
Primary balance (% of GDP)	-3.8	-1.6	-0.8	0.2	1.7	1.8

Source: KNBS (web)

46. **In Kilifi County, the medium-term economic outlook is cautiously optimistic, reflecting the broader national trends while considering local challenges and opportunities.** The county's growth is expected to be driven by improvements in agriculture, supported by ongoing investments in irrigation infrastructure and the adoption of climate-smart agricultural practices. These efforts are anticipated to boost agricultural productivity and household incomes, contributing to overall economic growth. The tourism sector in Kilifi is also expected to continue its recovery, driven by increased domestic and international tourist arrivals as global travel normalizes and local tourism promotion efforts bear fruit.

3.2.2 Risks to The Outlook

47. **Kenya's economic outlook faces several significant risks. Extreme weather events, such as droughts and floods, could weaken agricultural output, destroy capital, and exacerbate food insecurity.** The country has experienced increasingly intense and frequent extreme weather, with recent floods in early 2024 causing significant damage, including the loss of over 960 livestock, destruction of 24,010 acres of cropland, and displacement of

over 234,000 people. These occurrences could negatively impact agriculture, worsen food security, and lead to increased cases of water-borne diseases. Climate change mitigation and adaptation policies are crucial and remain a top priority.

- 48. Kenya is also vulnerable to fiscal risks. The medium-term growth projections depend on the government's ability to achieve fiscal targets for revenue and expenditure, which would help reduce debt accumulation.** However, failure to meet revenue targets, persistent spending pressures, vulnerability to weather shocks, and challenges in containing the wage bill could threaten macroeconomic stability. Additionally, delays in implementing structural and fiscal reforms could crowd out private investments and hinder job creation.
- 49. Global economic uncertainties, such as prolonged high interest rates, subdued trade, and investment, also pose risks.** Lower-than-expected global economic growth, particularly in major export destinations, could reduce Kenya's export revenues, tourism receipts, and remittances. Rising global fuel prices could increase the country's import bill, while tight global financial conditions could exacerbate Kenya's external financing challenges. Nevertheless, the government's commitment to fiscal consolidation and prioritizing concessional borrowing is expected to mitigate these risks.
- 50. At the County level, the County faces many of the same risks as the broader national economy, particularly in terms of vulnerability to extreme weather events.** The county's heavy reliance on agriculture makes it particularly susceptible to droughts and floods, which can devastate crop yields and livestock, leading to increased food insecurity and economic instability. The recent floods in early 2024 have already impacted agricultural output in the county, and further extreme weather could exacerbate these challenges.
- 51. Additionally, Kilifi County's economic growth could be hampered by delays in infrastructure development and limited access to financial resources, which are essential for private sector growth and job creation.** Fiscal pressures at the national level could result in reduced funding for county-level projects, further slowing development efforts.
- 52. On a positive note, Kilifi County could benefit from national efforts to accelerate structural reforms and improve climate resilience, particularly if these reforms include investments in infrastructure and support for climate-smart agriculture.** Moreover, if global financial conditions stabilize and international food and fuel prices decrease, the county could see a reduction in production costs, which would support local businesses and improve overall economic conditions.

CHAPTER 4: RESOURCE ALLOCATION FRAMEWORK

4.1 Adjustment to FY2024/25 Budget

- 53.** Adjustments to the FY2024/25 budget will take into account the actual performance of expenditure so far and absorption capacity in the remainder of the financial year. The focus will be on accelerating the absorption of available resources in the implementation of programmes and projects. Measures will also be put in place to improve the collection of own source revenue.
- 54.** The revenue projections for Kilifi County will be informed by the revised fiscal targets which will be firmed up in the context of the County Fiscal Strategy Paper 2025. The County Government will continue to maintain fiscal responsibility principles by making necessary adjustments to meet financial objectives during the implementation of the budgetary plans for FY 2024/25 and over the medium-term period.

4.1.1 Adjustment to Revenue

- 55.** Equitable share informed by the Senate resolution to maintain FY 2024/25 equitable share at the level precedent in FY 2023/24. The provision for balance brought forward in FY 2022/23 is based on available data including the National Treasury communication to release the balance of equitable share for FY 2021/22. The allowance for balances of grants brought forward is predicated on the roll over nature of the grants in that the funds do not expire but is carried over in successive financial years. The share of expenditure between recurrent and development has been informed by performance in FY 2022/23 and the need to adhere to fiscal responsibility principles dictated in PFM Act 2012.

4.2 Medium-Term Expenditure Framework

- 56.** The County Government of Kilifi will continue with its policy of expenditure prioritization with a view to supporting economic recovery and achieving its transformative development agenda. This agenda is anchored on provision of core services, creation of employment opportunities improving the general welfare of the people and ensuring equity while minimizing costs through the elimination of duplication and inefficiencies. Realization of these objectives will have implications in the budget ceilings provided in this CBROP.
- 57.** The following criteria will serve as a guide for allocating resources:
- a)** Linkage of Programmes that support Economic Recovery;
 - b)** Linkage of the programme with the priorities of CIDP 2023-27
 - c)** Degree to which a programme addresses job creation and poverty reduction;
 - d)** Degree to which a programme addresses the core mandate of the County Departments,
 - e)** Expected outputs and outcomes from a programme;
 - f)** Cost effectiveness and sustainability of the programme; and
 - g)** Extent to which the Programme seeks to address viable stalled projects and verified pending bills.

4.3 FY 2025/26 Budget Framework

58. The FY2024/25 and the Medium-Term Budget framework builds up on the Government’s efforts to stimulate and sustain economic activity, mitigate the adverse impact of COVID-19 pandemic on the economy and re-position the economy on a sustainable and inclusive growth trajectory. This will be achieved through implementation of programmes supporting economic recovery and additional priority programs of the Government. The County Government will continue to offer support to agricultural production through the fertilizer subsidy programme. In addition, the County Government through the Wezesha Fund will inspire growth and innovation in the Micro, Small and Medium Enterprises (MSME) sector and boost economic growth and entrance the saving culture among Kenyans and specifically the people of Kilifi. These priority programmes aim at bringing down the cost of living; eradicating hunger; creating jobs; and provide the greater majority of our citizens with much needed social security while expanding the tax revenue base and improving foreign exchange balance.

4.3.1 Revenue Outlook

59. The resource envelope is projected at a total of KES 18.186 billion, which comprises of equitable share of revenue raised nationally of KES 12.113 billion and a projected Own Source Revenue of KES 2.335 billion. The county is also expected to benefit from various grants from National Government and development partners an estimated of KES 2.69 billion. However, the equitable share and grants estimates shall be firmed up by the Budget Policy Statement (BPS), County Allocation of Revenue Act 2024, and approved policies by the County Executive Committee.

Table 9: Revenue Projections over the medium-term

Revenue Stream	Projected Amount
Equitable Share + Local Revenue	
Equitable Share	12,113,734,119
Local Revenue	2,335,277,070
Conditional Grants from National Government Revenue	333,932,684
Equalization Fund (2023-2024 Baseline)	536,000,000
Conditional allocations	
Grants	2,690,102,652
Others (Mineral Royalties)	177,531,147
Total	18,186,577,672

Source: The County Treasury

4.3.2 Expenditure Outlook

60. The total expenditure is estimated at KES 18.186 billion comprising recurrent expenditure which is estimated at 57.1 per cent and development estimated at 42.9 per cent. The county wage bill shall be maintained at the current 27.9 per cent which is below the 35 percent ceiling as stipulated in the fiscal responsibility principles of the Public Finance Management Act, 2012. Over the medium term the county intends to live within its means and therefore shall endeavor to operate a balanced budget. A summary of the expenditure projection is presented in **Table 10**.

Table 10: Summary of Expenditure Projections for FY 2025/26 and the Medium-Term

Expenditure Classification	FY2025/26	FY2026/27	FY2027/28
Total Recurrent Expenditure	10,801,660,645	11,881,826,710	13,070,009,381
Compensation to Employees	5,346,956,595	5,881,652,255	6,469,817,480
Operations and Maintenance	5,454,704,050	6,000,174,455	6,600,191,900
Development Expenditure	7,384,917,026	8,123,408,729	8,935,749,602
Total	18,186,577,672	20,005,235,439	22,005,758,983

Source: The County Treasury

61. Preliminary ceilings for FY 2024/25 are therefore provided in **Table 11** to guide sectors in the preparation of sector reports. The ceilings will be firmed in CFSP 2024 which will be prepared on the basis of the priorities and programme incorporated in the CIDP for the period 2023-2027.

Table 11: Preliminary Ceilings for FY 2025/26

DEPARTMENTS/DIVISIONS	FY2025/26	FY2026/27	FY2027/28
3111000000 County Assembly	1,000,000,000	1,100,000,000	1,210,000,000
3112000000 Office of The Governor	459,377,806	505,315,587	555,847,145
3124000000 County Attorney	137,478,006	151,225,807	166,348,388
3151000000 County Secretary	50,274,466	55,301,912	60,832,104
3113000000 County Division for Finance	2,342,957,443	2,577,253,188	2,834,978,506
3125000000 County Division for Economic Planning	70,303,544	77,333,899	85,067,289
3136000000 County Division for Resource Mobilization	59,082,569	64,990,826	71,489,908
3114000000 County Division for Agriculture	859,821,252	945,803,377	1,040,383,714
3126000000 County Division for Livestock	111,697,272	122,866,999	135,153,699
3137000000 County Division for Blue Economy	140,879,351	154,967,287	170,464,015
3152000000 County Division for Lands and Physical Planning	309,660,690	340,626,759	374,689,435
3153000000 County Division for Energy	109,161,120	120,077,232	132,084,955
3154000000 County Division for Housing and Urban Development	737,137,854	810,851,639	891,936,803
3122000000 County Public Service Board	52,383,966	57,622,362	63,384,599
3123000000 County Division for Public Service Management	991,256,128	1,090,381,741	1,199,419,915
3149000000 County Division for Devolution & Civic Education	48,468,016	53,314,818	58,646,299
3141000000 County Division for Early Childhood Education & Vocational Training	1,766,284,557	1,942,913,013	2,137,204,314
3129000000 County Division for Information Communication & Technology	20,942,229	23,036,452	25,340,098
3147000000 County Division for Trade Development	451,490,309	496,639,340	546,303,274
3148000000 County Division for Tourism Promotion	53,770,507	59,147,558	65,062,314
3132000000 County Division for Cooperative Development	21,413,767	23,555,144	25,910,658
3138000000 County Division for Water Services	1,532,238,909	1,685,462,799	1,854,009,079
3139000000 County Division for Environment and Solid Waste Management	102,788,131	113,066,944	124,373,638
3155000000 County Division for Climate Change	201,134,802	221,248,283	243,373,111
3142000000 County Division for Health & Sanitation Services	4,643,231,754	5,107,554,930	5,618,310,423
3143000000 County Division for Roads & Transport Services	1,223,734,996	1,346,108,495	1,480,719,345
3144000000 County Division for Public Works	26,499,770	29,149,747	32,064,722
3145000000 County Division for Gender & Social Services	208,301,163	229,131,279	252,044,407
3146000000 County Division for Youth Affairs & Sports	338,563,853	372,420,239	409,662,263
3150000000 County Division for Special Programmes & Disaster Management	116,243,441	127,867,785	140,654,563
TOTAL	18,186,577,672	20,005,235,439	22,005,758,983

Source: The County Treasury

CHAPTER 5: CONCLUSION AND WAY FORWARD

- 62.** The County Budget Review and Outlook Paper (CBROP) 2024 highlights both the successes and challenges Kilifi County faced during the financial year 2023/24. Despite global and domestic economic difficulties, including inflation, erratic weather patterns, and the slow recovery of key sectors, Kilifi County made commendable progress in priority areas such as infrastructure development, healthcare, education, and agriculture. The County Government's ability to adapt its fiscal strategies to meet these challenges has been pivotal in maintaining fiscal stability and ensuring continued service delivery.
- 63.** However, significant challenges remain, particularly in the areas of revenue collection and development expenditure absorption. The County faced a substantial shortfall in own-source revenue, collecting only 67.5% of the targeted amount. This was largely due to inefficiencies in revenue collection systems and external economic pressures. Additionally, development expenditure absorption stood at 54.33%, underscoring the need for improvements in project implementation and fund disbursement processes. Moving forward, the County must address these challenges to fully realize its development goals.
- 64.** In the medium term, the County Government will prioritize reforms aimed at enhancing revenue mobilization, improving expenditure management, and addressing fiscal risks such as pending bills. Key strategies will include strengthening revenue collection mechanisms, expanding the revenue base, and improving compliance with fiscal regulations. Additionally, the County will seek to accelerate the implementation of delayed development projects, ensuring that resources are utilized effectively to benefit the residents of Kilifi County.
- 65.** The County also remains committed to promoting investments in sectors critical to economic growth and social development. Priorities will include boosting agricultural productivity through climate-smart initiatives, expanding infrastructure to support trade and tourism, and enhancing access to quality healthcare and education. Collaboration with development partners and the private sector will continue to be a key aspect of mobilizing resources for these critical investments.
- 66.** As we move forward, Kilifi County will maintain its focus on prudent fiscal management, transparency in public resource utilization, and inclusive development. The insights and strategies outlined in this CBROP will serve as a foundation for guiding future budgetary decisions, ensuring the County's sustained progress towards its long-term development goals.

ANNEXTURE

Annex 1: Budget Execution Summary FY2023/24

DEPARTMENTS/DIVISIONS	RECURRENT			DEVELOPMENT			TOTAL			
	Approved Estimates FY 2023/2024	Actual Expenditure FY 2023/2024	Variance	Approved Estimates FY 2023/2024	Actual Expenditure FY 2023/2024	Variance	Approved Estimates FY 2023/2024	Actual Expenditure FY 2023/2024	Variance	% Absorption
County Assembly	1,000,059,543	996,871,040	3,188,503	231,274,724	128,875,067	102,399,657	1,231,334,267	1,125,746,107	105,588,160	91.42%
Office of the Governor	402,733,339	375,770,062	26,963,277			-	402,733,339	375,770,062	26,963,277	93.30%
Finance	574,840,360	533,922,520	40,917,840	18,441,989	-	18,441,989	593,282,349	533,922,520	59,359,829	89.99%
Agriculture	91,943,619	82,231,775	9,711,844	806,929,201	813,894,183	(6,964,982)	898,872,820	896,125,958	2,746,862	99.69%
Lands & Energy	53,392,624	66,411,026	(13,018,402)	306,306,836	115,679,517	190,627,319	359,699,460	182,090,544	177,608,916	50.62%
CPSB	72,937,177	28,300,382	44,636,795			-	72,937,177	28,300,382	44,636,795	38.80%
Public Service Mgt	4,930,954,904	4,931,070,507	(115,603)	75,000,000	-	75,000,000	5,005,954,904	4,931,070,507	74,884,397	98.50%
County Attorney	167,425,861	148,874,745	18,551,116	26,400,000	21,182,690	5,217,310	193,825,861	170,057,435	23,768,426	87.74%
Economic Planning	99,887,626	67,542,038	32,345,588			-	99,887,626	67,542,038	32,345,588	67.62%
Livestock	27,213,627	34,984,068	(7,770,441)	141,183,307	80,567,808	60,615,499	168,396,934	115,551,876	52,845,058	68.62%
ICT	29,159,058	21,025,744	8,133,314			-	29,159,058	21,025,744	8,133,314	72.11%
Physical Planning, Housing & UD	362,451,970	338,499,538	23,952,432	332,186,181	304,472,756	27,713,425	694,638,151	642,972,294	51,665,857	92.56%
Cooperatives Development	29,815,607	32,673,427	(2,857,820)	29,356,092	4,386,850	24,969,242	59,171,699	37,060,277	22,111,422	62.63%
Resource Mobilization	151,881,869	132,181,277	19,700,593			-	151,881,869	132,181,277	19,700,593	87.03%
Blue Economy	23,213,877	24,596,540	(1,382,663)	190,293,248	92,490,189	97,803,059	213,507,125	117,086,729	96,420,396	54.84%
Water Services	56,561,635	48,413,564	8,148,071	2,227,939,650	1,183,928,296	1,044,011,355	2,284,501,285	1,232,341,859	1,052,159,426	53.94%
Environment & Nat Resources	160,599,949	107,740,761	52,859,188	13,000,000	-	13,000,000	173,599,949	107,740,761	65,859,188	62.06%
Forestry & Climate Change	11,000,000	-	11,000,000	280,727,305	24,592,370	256,134,935	291,727,305	24,592,370	267,134,935	8.43%
Education	572,401,423	411,991,874	160,409,549	424,181,661	252,361,099	171,820,563	996,583,084	664,352,973	332,230,111	66.66%
Health & Sanitation Services	2,014,942,943	1,850,743,380	164,199,563	898,642,678	471,381,955	427,260,723	2,913,585,621	2,322,125,335	591,460,286	79.70%
Roads & Transport	313,352,447	216,347,905	97,004,542	1,415,660,467	737,797,837	677,862,630	1,729,012,914	954,145,742	774,867,173	55.18%
Public Works	9,050,000	2,670,510	6,379,490			-	9,050,000	2,670,510	6,379,490	29.51%
Gender & Social Services	74,134,542	45,622,278	28,512,264	177,714,509	44,968,589	132,745,920	251,849,051	90,590,867	161,258,184	35.97%
Youth Affairs	50,094,821	36,493,008	13,601,813	394,637,741	67,849,179	326,788,562	444,732,562	104,342,186	340,390,376	23.46%
Trade Development	33,308,533	26,647,807	6,660,726	394,828,147	374,308,174	20,519,973	428,136,680	400,955,981	27,180,699	93.65%
Tourism Promotion	40,427,680	39,553,638	874,042	-	-	-	40,427,680	39,553,638	874,042	97.84%
Devolution	44,764,520	44,995,320	(230,800)	25,000,000	23,232,789	1,767,211	69,764,520	68,228,109	1,536,411	97.80%
Special Programmes	125,205,911	49,289,148	75,916,763	40,323,539	17,268,179	23,055,360	165,529,450	66,557,327	98,972,123	40.21%
County Secretary	70,000,000	51,190,360	18,809,640			-	70,000,000	51,190,360	18,809,640	73.13%
TOTAL	11,593,755,465	10,746,654,243	847,101,222	8,450,027,275	4,759,237,525	3,690,789,750	20,043,782,740	15,505,891,768	4,537,890,972	77.36%

DEPARTMENTS/DIVISIONS	FY2025/26			FY2026/27			FY2027/28		
	Recurrent	Development	Total	Recurrent	Development	Total	Recurrent	Development	Total
311100000 County Assembly	900,000,000	100,000,000	1,000,000,000	990,000,000	110,000,000	1,100,000,000	1,089,000,000	121,000,000	1,210,000,000
311200000 Office of The Governor	459,377,806	-	459,377,806	505,315,587	-	505,315,587	555,847,145	-	555,847,145
312400000 County Attorney	120,246,367	17,231,639	137,478,006	132,271,004	18,954,803	151,225,807	145,498,104	20,850,283	166,348,388
315100000 County Secretary	50,274,466	-	50,274,466	55,301,912	-	55,301,912	60,832,104	-	60,832,104
311300000 County Division for Finance	1,448,299,246	894,658,198	2,342,957,443	1,593,129,170	984,124,017	2,577,253,188	1,752,442,087	1,082,536,419	2,834,978,506
312500000 County Division for Economic Planning	70,303,544	-	70,303,544	77,333,899	-	77,333,899	85,067,289	-	85,067,289
313600000 County Division for Resource Mobilization	59,082,569	-	59,082,569	64,990,826	-	64,990,826	71,489,908	-	71,489,908
311400000 County Division for Agriculture	308,977,187	550,844,065	859,821,252	339,874,905	605,928,471	945,803,377	373,862,396	666,521,319	1,040,383,714
312600000 County Division for Livestock	19,545,008	92,152,264	111,697,272	21,499,509	101,367,491	122,866,999	23,649,460	111,504,240	135,153,699
313700000 County Division for Blue Economy	16,672,361	124,206,990	140,879,351	18,339,597	136,627,690	154,967,287	20,173,557	150,290,459	170,464,015
315200000 County Division for Lands and Physical Planning	109,730,053	199,930,637	309,660,690	120,703,058	219,923,701	340,626,759	132,773,364	241,916,071	374,689,435
315300000 County Division for Energy	40,000,000	69,161,120	109,161,120	44,000,000	76,077,232	120,077,232	48,400,000	83,684,955	132,084,955
315400000 County Division for Housing and Urban Development	40,315,416	696,822,437	737,137,854	44,346,958	766,504,681	810,851,639	48,781,654	843,155,149	891,936,803
312200000 County Public Service Board	52,383,966	-	52,383,966	57,622,362	-	57,622,362	63,384,599	-	63,384,599
312300000 County Division for Public Service Management	942,302,608	48,953,520	991,256,128	1,036,532,869	53,848,872	1,090,381,741	1,140,186,156	59,233,759	1,199,419,915
314900000 County Division for Devolution & Civic Education	32,150,176	16,317,840	48,468,016	35,365,194	17,949,624	53,314,818	38,901,713	19,744,586	58,646,299
314100000 County Division for Early Childhood Education & Vocational Training	1,455,977,004	310,307,553	1,766,284,557	1,601,574,704	341,338,309	1,942,913,013	1,761,732,175	375,472,140	2,137,204,314
312900000 County Division for Information Communication & Technology	20,942,229	-	20,942,229	23,036,452	-	23,036,452	25,340,098	-	25,340,098
314700000 County Division for Trade Development	93,780,609	357,709,700	451,490,309	103,158,669	393,480,670	496,639,340	113,474,536	432,828,737	546,303,274
314800000 County Division for Tourism Promotion	29,035,429	24,735,078	53,770,507	31,938,972	27,208,586	59,147,558	35,132,869	29,929,445	65,062,314
313200000 County Division for Cooperative Development	21,413,767	-	21,413,767	23,555,144	-	23,555,144	25,910,658	-	25,910,658
313800000 County Division for Water Services	135,365,623	1,396,873,286	1,532,238,909	148,902,185	1,536,560,615	1,685,462,799	163,792,403	1,690,216,676	1,854,009,079
313900000 County Division for Environment and Solid Waste Management	90,386,572	12,401,558	102,788,131	99,425,229	13,641,714	113,066,944	109,367,752	15,005,886	124,373,638
315500000 County Division for Climate Change	17,900,273	183,234,529	201,134,802	19,690,301	201,557,982	221,248,283	21,659,331	221,713,780	243,373,111
314200000 County Division for Health & Sanitation Services	3,674,432,844	968,798,910	4,643,231,754	4,041,876,129	1,065,678,801	5,107,554,930	4,446,063,742	1,172,246,681	5,618,310,423
314300000 County Division for Roads & Transport Services	299,714,159	924,020,836	1,223,734,996	329,685,575	1,016,422,920	1,346,108,495	362,654,133	1,118,065,212	1,480,719,345
314400000 County Division for Public Works	26,499,770	-	26,499,770	29,149,747	-	29,149,747	32,064,722	-	32,064,722
314500000 County Division for Gender & Social Services	95,649,440	112,651,722	208,301,163	105,214,384	123,916,895	229,131,279	115,735,823	136,308,584	252,044,407
314600000 County Division for Youth Affairs & Sports	80,978,434	257,585,420	338,563,853	89,076,277	283,343,962	372,420,239	97,983,905	311,678,358	409,662,263
315000000 County Division for Special Programmes & Disaster Management	89,923,718	26,319,722	116,243,441	98,916,090	28,951,694	127,867,785	108,807,699	31,846,864	140,654,563
TOTAL	10,801,660,645	7,384,917,026	18,186,577,672	11,881,826,710	8,123,408,729	20,005,235,439	13,070,009,381	8,935,749,602	22,005,758,983

Annex 2: Extended Preliminary Ceilings for FY2025/26 and the Medium Term

