



COUNTY GOVERNMENT OF MOMBASA
COUNTY TREASURY

**MOMBASA COUNTY BUDGET
REVIEW AND OUTLOOK PAPER**

©AUGUST 2022

© Budget Review and Outlook Paper (CBROP) 2022

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Foreword

The Mombasa County Budget Review and Outlook Paper (CBROP) 2022, has been prepared against a background of economic slowdown occasioned by the ongoing Russia-Ukraine conflict, effects of the COVID-19 containment measures, higher-than expected inflation worldwide triggered by higher global oil and food prices and the impact of the global monetary policy that has created tighter financial condition. As a result, the global economy is projected to slow down to 3.2 percent in 2022 from 6.1 percent 2021.

It presents the recent economic developments and actual fiscal performance of the FY 2021/2022 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 October 2021. In this Paper, we will also provide an overview of how the actual performance of the FY 2021/2022 affected the County's compliance with the fiscal responsibility principles and the financial objectives as detailed in the 2021 CFSP.

This is the last CBROP that has been prepared within the second-generation County Integrated Development Plan 2018-2022 that outlines the County's planning framework that 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; Enhanced health services, Sustainable waste management services, Augment accessibility to safe potable water and sustained food security, Integrated Quality Education, Gender empowerment, Youth & Sports improvement, Affordable Housing Services and Land management as well as Public and onsite Infrastructure development which will be realigned and reemphasized in the 2023-2028 third generation CIDP.

The implementation of programs under these strategic sectors is 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.



MS. MARYAM MBARUK
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 2021/22, the macro-economic projections and set sector ceiling for the FY 2023/24 and the Medium Term Budget. The document also provides an overview of how the actual performance of the FY 2021/22 affected compliance in the fiscal responsibility principles and the financial objectives outlined in the PFM Act.

The economy is operating under tight global financial condition as a result of the ongoing Russia-Ukraine conflict and higher than expected inflation worldwide. This calls for prioritization on Government projects that will ensure our economy remains resilient and continue to register growth, and will have the highest impact and benefits to Kenyans. Therefore, All Sector Working Groups (SWGs) are expected to ensure that their budgets are aligned to the overall Government priorities while taking into account the resource constraints.

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 Mr. Affan Mohamed (Director Revenue) for working tirelessly in the development of this document.



MS. ASHA ABDI
CHIEF OFFICER
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Abbreviations and Acronyms

ADP	Annual Development Plan
BOPA	Budget Outlook Paper
BPS	Budget Policy Statement
BSP	Budget Strategy 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	Social Development Goals
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
MV-2035	Mombasa Vision 2035
NDA	Net Domestic Assets
NFA	Net Foreign Assets
PERs	Public Expenditure Review
PFM	Public Financial Management
PPP	Public Private Partnership
SBP	Single Business Permit
SGR	Standard Gauge Railway
SWGs	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, 2021/22 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 2022/23 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 2022 BRPOP 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 2021/22 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 2023/24 and the medium-term budget as well as information on variations from the projections outlined in the 2022 Budget Policy Statement.

The 2022 CBROP has been prepared against a background of global economic slowdown reflecting the impact of the ongoing Russia-Ukraine conflict, effects of COVID-19 containment measures in China; higher-than-expected inflation worldwide triggered by higher global oil and food prices and the impact of the global monetary policy that has created tighter financial conditions. As a result, global growth is projected to slow down to 3.2 percent in 2022 from 6.1 percent in 2021.

The Kenyan economy demonstrated remarkable resilience and recovery to the COVID-19 shock due to the diversified nature of the economy and the proactive measures by the Government to support businesses. The economy expanded by 7.5 percent in 2021, a much stronger level from a contraction of 0.3 percent in 2020. The growth momentum continued in the first quarter of 2022 with the economy expanding by a remarkable 6.8 percent compared with a growth of 2.7 percent in a similar quarter in 2021.

Leading indicators of economic activity show continued strong performance in the second quarter of 2022, supported by strong activity in transport and storage, wholesale and retail trade, construction, information and communication, and accommodation and food services. As such, the economy is expected to remain resilient at 5.5 percent in 2022, and grow by an average of 6.0 percent over the medium term. This will be supported by a broad-based private sector growth, including recoveries in agriculture while the public sector consolidates.

This outlook will be reinforced by the ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda and the Economic Recovery Strategy. The economic growth over the medium term will further be supported by implementation of strategic interventions contained in the Fourth Medium Term Plan (2023-2027) of the Vision 2030 aimed at driving the economy towards a sustainable growth path.

The document also provides an overview of how the actual performance of the FY 2021/22 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 2021 Budget Policy Statement.

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 2021/22, updated macroeconomic forecast, and deviations from the Fiscal Strategy Paper November 2021.
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. The County Government is at the tail end in the implementation of the County Integrated Development Plan (CIDP) 2018-2022, through the subsequent Annual Development Plan's currently undertaking the 2021 and the Annual Budget estimates for the 2022-2023 financial year.
4. The PFM Act enacted in 2012 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 2023/24. However, following the fiscal outcome of 2021/22 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 2021/22

6. This section is meant to review how the actual financial performance for the 2021/22 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 (CG)
 - 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.

III. OVERVIEW

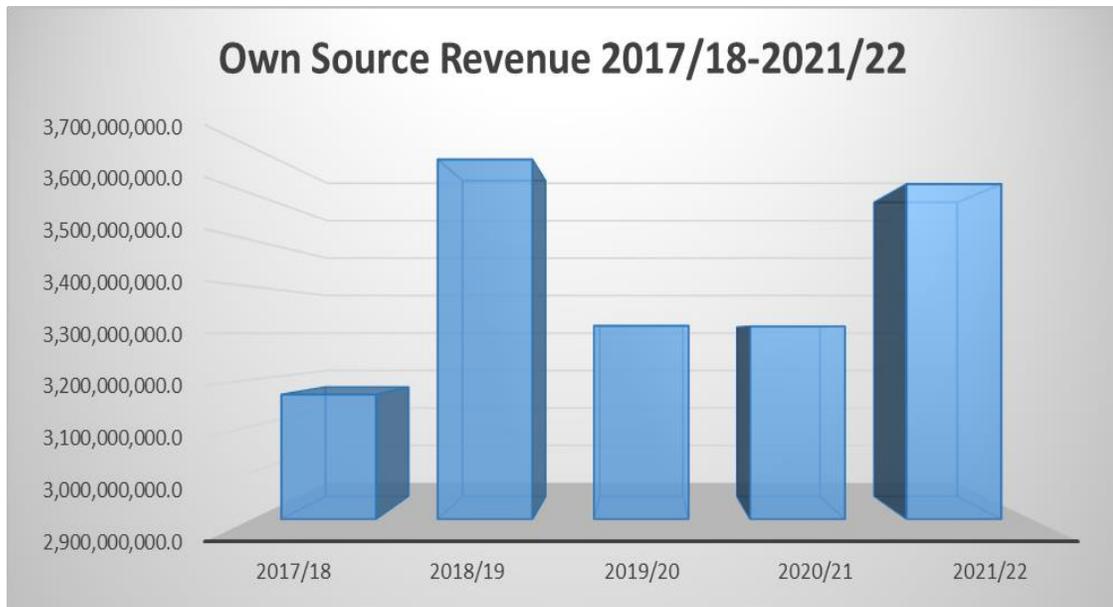
8. The fiscal performance in 2021/22 was sluggish with a slight improvement in own source revenue collection despite a shortfall in equitable share disbursement and donor funding. The County was able to realize Kshs. 11,046,905,821 which translates to 79 percent of the supplementary budget of Kshs 14,000,000,000. In view of the above the County had a 21 percent budget deficit of Kshs. 2,953,094,179.
9. The fiscal performance at the end was dismal due to the non-remittance of the equitable share allocation as well as the withdrawal of the conditional grants that were previously allocated to the County. Another factor that has been a hindrance is the unremitted donor funding which continues to lead to the under performance of the revenues.
10. On budget absorption, the County was able to absorb Kshs. 9,620,434,315 which translates to 69 percent of the supplementary budget of Kshs 14,000,000,000 amounting to recurrent expenditure of Kshs. 8,430,255,152 and development expenditure of Kshs 1,190,179,163 out of the budgeted amount. In view of the above the County had a 31 percent budget deficit of Kshs. 4,379,565,685.

IV. FISCAL PERFORMANCE FOR 2021/2022

LOCAL REVENUE

Table 1: Local Revenue Collection Over Five Financial Years

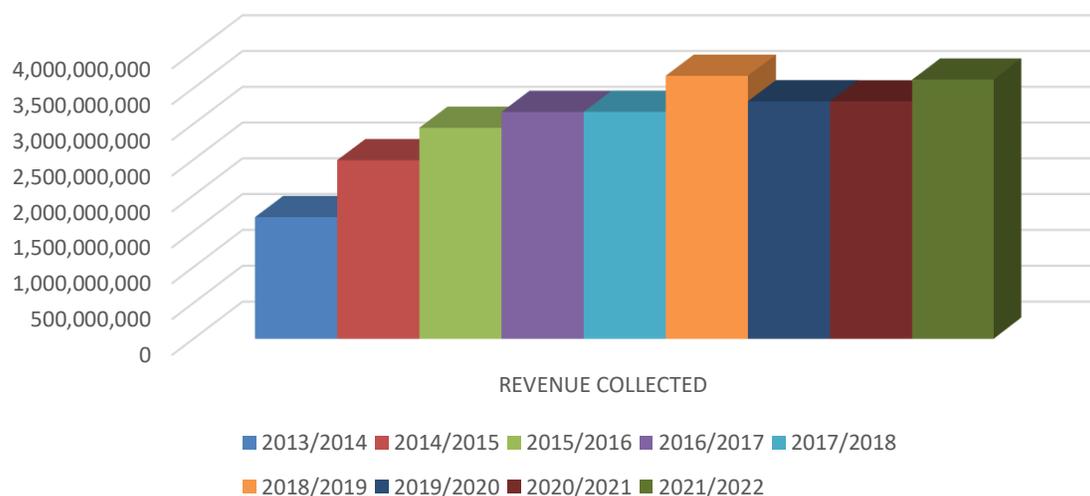
MONTH	2017/2018	2018/2019	2019/2020	2020/2021	2021-2022
JULY	129,214,413	91,417,758	110,950,638	133,177,640	290,898,301
AUGUST	79,711,499	131,853,605	164,871,323	180,063,924	158,294,767
SEPTEMBER	99,058,707	75,372,653	195,639,679	207,752,314	324,609,448
OCTOBER	91,899,794	195,060,885	192,425,344	200,978,869	240,688,839
NOVEMBER	90,313,887	147,641,305	208,065,464	195,076,359	161,645,883
DECEMBER	88,038,962	362,828,365	228,108,277	162,790,308	220,922,958
JANUARY	218,665,976	434,584,730	286,649,313	441,650,127	498,998,855
FEBRUARY	202,052,584	422,738,253	421,483,469	415,598,494	479,635,817
MARCH	952,278,303	733,336,511	634,763,565	541,583,202	515,926,400
APRIL	440,470,531	468,186,699	203,268,450	280,251,148	290,568,789
MAY	336,178,479	203,642,080	160,817,790	211,868,868	138,306,690
JUNE	440,130,574	405,994,209	508,759,315	343,741,925	299,135,806
TOTAL	3,168,013,709	3,672,657,053	3,315,802,627	3,314,533,178	3,619,632,553



ANALYSIS OF OWN SOURCE REVENUE COLLECTION 2013/2014- 2021/2022

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

COMPARATIVE OWN SOURCE REVENUE COLLECTION 2013/14-2021/22



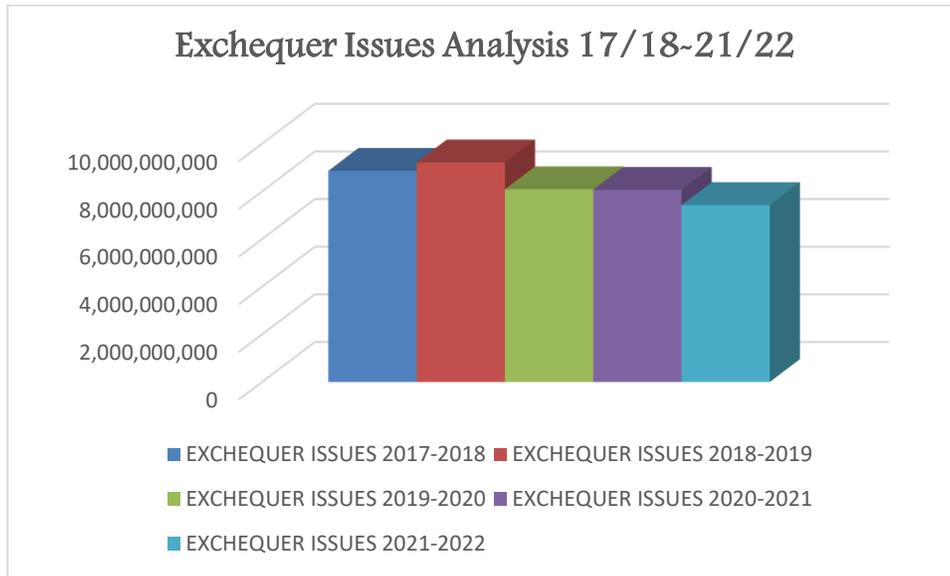
EXCHEQUER ISSUES

11. Exchequer issues from the National Government continues to dip two years in a row as shown below.

Table 2: Actual Monthly Exchequer Issues Over Five Financial Years 2017/2018– 2021/2022

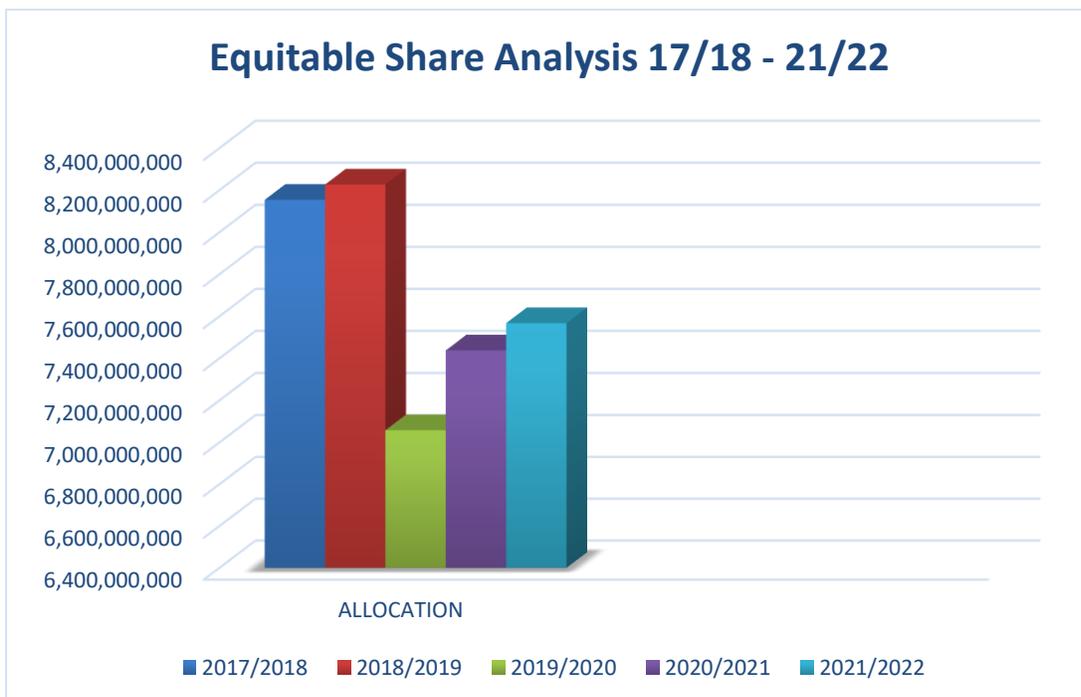
MONTH	EXCHEQUER ISSUES 2017-2018	EXCHEQUER ISSUES 2018-2019	EXCHEQUER ISSUES 2019-2020	EXCHEQUER ISSUES 2020-2021	EXCHEQUER ISSUES 2021-2022
JULY	597,970,752	0	0	0	0
AUGUST	0	430,761,965	0	0	605,388,325
SEPTEMBER	473,286,618	587,699,500	1,228,083,300	0	643,225,095
OCTOBER	0	741,181,901	632,224,439	1,164,561,750	643,225,095
NOVEMBER	996,790,289	875,741,969	0	828,146,904	1,248,613,420
DECEMBER	843,101,778	822,680,000	824,676,155	574,671,000	825,326,491
JANUARY	866,001,087	944,297,016	949,232,625	798,466,182	643,225,095
FEBRUARY	683,706,112	794,895,339	1,592,730,838	628,955,904	845,033,993
MARCH	712,190,289	0	564,636,000	599,925,750	605,388,325
APRIL	78,786,439	1,515,161,166	40,134,590	599,925,750	712,922,804
MAY	824,219,384	54,151,120	741,084,750	574,844,314	864,906,837
JUNE	2,786,366,845	2,449,218,601	1,517,641,228	2,293,217,209	234,558,066
TOTAL DISBURSED	8,862,419,593	9,215,788,577	8,090,443,924	8,062,714,763	7,427,273,268

EXCHEQUER ISSUES FROM 2017/2018 – 2021/2022 FYs



EQUITABLE SHARE ALLOCATIONS OVER THE YEARS

FINANCIAL YEAR	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
ALLOCATION	8,154,000,000	8,226,800,000	7,057,950,000	7,437,750,000	7,567,354,061



Analysis of Grants Allocated and Disbursed from 2017/18 – 2021/22

GRANTS DISBURSED TO THE COUNTY						
Grant Details	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	Total
Level 5 Hospital Grant	388,439,306	388,439,306	388,439,306	388,439,308	-	1,553,757,226
User Fees Forgone	23,514,312	23,385,934	23,385,934	23,385,934	-	93,672,114
DANIDA	23,261,504	27,337,500	24,562,500	20,070,000	41,990,166	137,221,670
World Bank-KDSP Level I	49,809,062	-	30,000,000	45,000,000	-	124,809,062
World Bank KDSP Level II	-	259,416,946	-	-	201,635,625	461,052,571
World Bank – Health Grant	10,736,032	-	-	-	-	10,736,032
World Bank-IDA: Transforming Health Systems for Universal Care Project	-	27,473,711	33,184,038	51,996,243	-	112,653,992
IDA(WB)-WSDP	-	-	247,584,920	228,221,154	-	475,806,074
Covid 19 Fund	-	-	100,168,000	-	-	100,168,000
Development of Youth Polytechnics	30,586,320	-	25,473,298	18,484,894	-	74,544,512
Agriculture Sector Support Program II	-	6,937,481	9,437,481	10,250,771	-	26,625,733
Road Maintenance Levy Grant	182,073,057	255,997,699	150,258,446	218,916,458	221,681,742	1,028,927,402
Total	708,419,593	988,988,577	1,032,493,923	1,004,764,762	465,307,533	4,199,974,388

COUNTY DEPARTMENTAL EXPENDITURE

12. 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 2021/22 and the deviations from the Original and Revised budget estimates.

Table 3: Departmental %Age 2021-2022 Recurrent expenditure

S/NO	DEPARTMENTS	Approved Budget FY 2021/2022	Final Budget FY 2021/2022	Expenditure Total	%age
3011	The Executive	356,491,789	213,928,018	122,942,152	57.5%
3012	County Assembly	779,254,392	679,254,392	625,798,250	92.0%
3013	Public Service Board	130,000,000	75,257,533	51,881,804	68.9%
3014	Finance and Economic Planning	634,128,550	1,291,633,692	1,590,281,001	123.1%
3015	Energy, Environment and Waste Management	612,000,000	582,592,293	446,403,599	76.6%
3016	Education, Information Technology and Mv. 2035	596,000,000	292,510,043	203,213,070	69.5%
3017	Health	3,271,787,854	2,647,848,919	2,059,127,730	77.8%
3018	Water, Environment and Natural Resources	130,000,000	38,133,595	18,778,069	49.2%
3019	Youth, Gender, Sports and Cultural Affairs	400,000,000	269,639,144	190,421,154	70.6%
3020	Trade, Tourism and Investments	445,160,775	448,948,898	361,133,257	80.4%
3021	County Planning, Land and Housing	273,000,000	244,163,962	182,090,118	74.6%
3022	Transport, Infrastructure and Public Works	510,000,000	367,080,838	287,657,434	78.4%
3023	Agriculture, Fisheries, Livestock and Co-Operatives	273,499,950	159,789,666	119,831,506	75.0%
3026	Devolution and Public Service Administration	906,176,640	2,804,841,515	2,170,696,009	77.4%
REC	TOTAL	9,317,499,950	10,115,622,508	8,404,089,867	83.2%

2021/2022 DEPARTMENTAL DEVELOPMENT EXPENDITURE

S/NO	DEPARTMENTS	Approved Budget FY 2021/2022	Final Budget FY 2021/2022	Expenditure TOTAL	%age
3011	County Executive	30,000,000	1,960,000	1,926,207	98%
3012	County Assembly	200,000,000	200,000,000	-	-
3013	Public Service Board	20,000,000	1,890,000	1,857,414	98.3%
3014	Finance & Economic Planning	326,500,050	233,974,435	71,152,512	30.4%
3015	Energy, Environment & Waste Management	305,000,000	170,198,863	94,621,349	55.6%
3016	Education, Information Technology & MV 2035	431,000,000	109,611,587	5,259,560	4.8%
3017	Health Services	370,000,000	403,093,395	8,366,721	2.1%
3018	Water, Sanitation & Natural Resources	1,100,000,000	800,500,000	217,684,297	27.2%
3019	Youth, Gender, Sports and Cultural Affairs	500,000,000	237,182,301	112,758,703	47.5%
3020	Trade, Tourism & Investment	400,000,000	9,999,678	5,276,996	52.8%
3021	Lands, Housing and Physical Planning	480,000,000	421,726,867	60,291,301	14.3%
3022	Transport, Infrastructure and Public Works	680,000,000	1,228,792,159	602,243,084	49.0%
3023	Agriculture, Fisheries, Livestock and Co-operatives	230,000,000	48,434,715	6,607,398	13.6%
3026	Devolution & Public Service Administration	110,000,000	17,013,494	2,133,621	12.5%
	TOTAL	5,182,500,050	3,884,377,492	1,190,179,163	32.3%

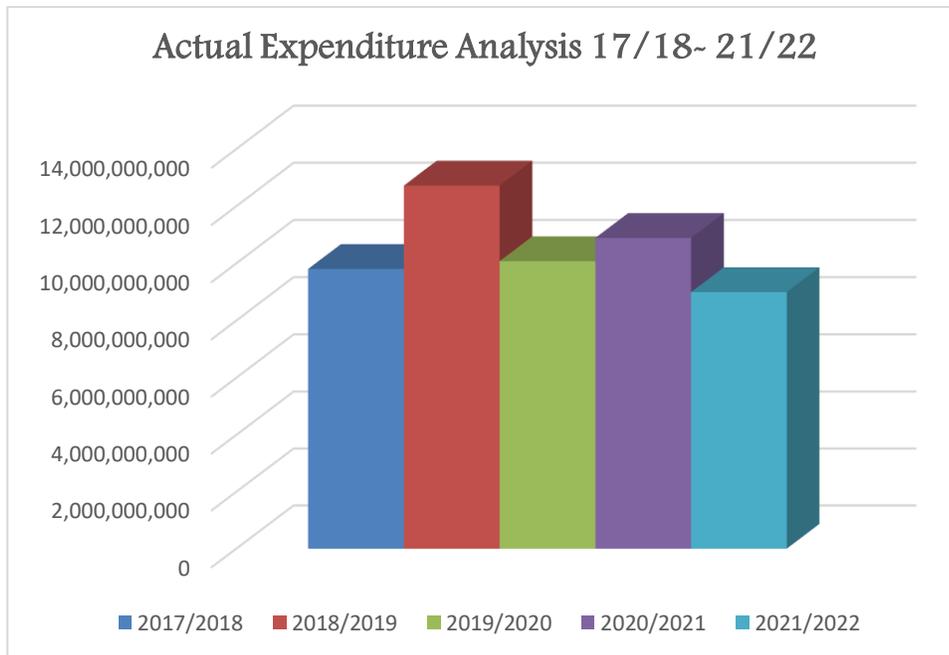
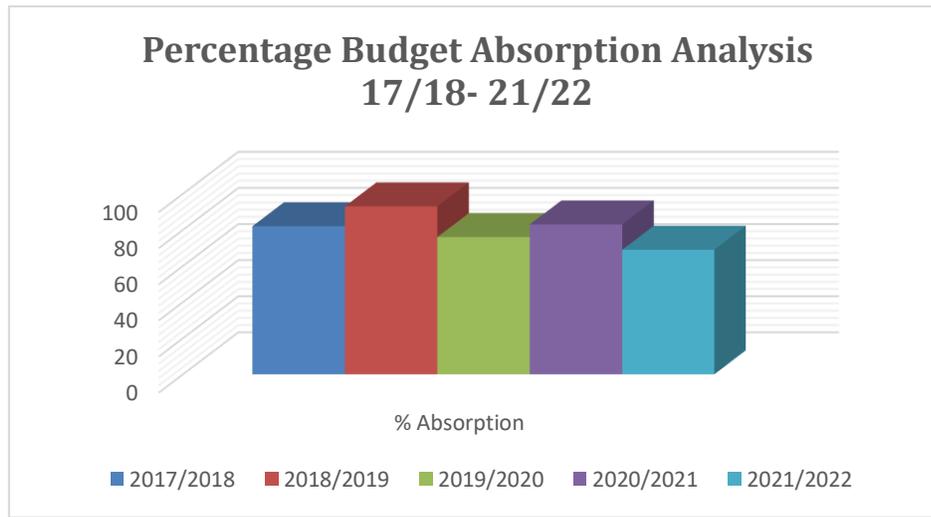
2021/2022 TOTAL DEPARTMENTAL EXPENDITURE

	DEPARTMENTS	Approved Budget FY 2021/2022	Final Budget FY 2021/2022	Total Expenditure	%age
3011	County Executive	386,491,789	215,888,018	124,868,359	58
3012	County Assembly	979,254,392	879,254,392	625,798,250	71
3013	Public Service Board	150,000,000	77,147,533	53,739,218	70
3014	Finance & Economic Planning	960,628,600	1,525,608,127	1,661,433,513	109
3015	Energy, Environment & Waste Management	917,000,000	752,791,156	541,024,948	72
3016	Education, Information Technology & MV 2035	1,027,000,000	402,121,630	208,472,630	52
3017	Health Services	3,641,787,854	3,050,942,314	2,067,494,451	68
3018	Water, Sanitation & Natural Resources	1,230,000,000	838,633,595	236,462,366	28
3019	Youth, Gender, Sports and Cultural Affairs	900,000,000	506,821,445	303,179,857	60
3020	Trade, Tourism & Investment	845,160,775	458,948,576	366,410,252	80
3021	Lands, Housing and Physical Planning	753,000,000	665,890,829	242,381,419	36
3022	Transport, Infrastructure and Public Works	1,190,000,000	1,595,872,997	889,900,518	56
3023	Agriculture, Fisheries, Livestock and Co-operatives	503,499,950	208,224,381	126,438,905	61
3026	Devolution and Public Service Administration	1,016,176,640	2,821,855,009	2,172,829,629	77
	TOTAL	14,500,000,000	14,000,000,000	9,620,434,315	69

Growth of Expenditure from 2017/2018-2021/2022

S NO.	DEPARTMENTS	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
3011	County Executive	305,472,424	367,868,652	170,907,637	134,579,861	124,868,359
3013	Public Service Board	69,337,345	82,182,927	42,223,122	57,481,487	53,739,218
3014	Finance & Economic Planning	2,270,755,715	2,724,996,907	1,929,435,855	1,674,353,623	1,661,433,513
3015	Environment, Waste Management and Energy	504,702,480	737,985,956	507,605,972	581,863,283	541,024,948
3016	Education, Information Technology & MV 2035	469,161,316	452,661,776	429,302,668	553,209,274	208,472,630
3017	Health Services	2,500,178,693	3,242,469,680	3,261,210,911	3,166,401,627	2,067,494,451
3018	Water, Sanitation & Natural Resources	95,072,297	68,635,562	282,665,964	333,232,081	236,462,366
3019	Youth, Gender, Sports & Cultural Affairs	323,768,818	280,429,106	181,268,380	454,099,872	303,179,857
3020	Trade, Tourism & Investment	212,092,539	486,693,687	286,680,390	450,113,691	366,410,252
3021	Lands, Housing & Physical Planning	276,249,787	311,766,515	214,961,915	487,982,311	242,381,419
3022	Transport & Infrastructure & Public Works	1,871,526,082	2,017,723,065	1,239,171,000	1,121,356,757	889,900,518
3023	Agriculture, Fisheries, Livestock & Cooperatives	194,126,312	325,189,634	141,925,916	175,574,698	126,438,905
3026	Devolution & Public Service Administration	712,108,321	1,621,225,848	1,389,053,177	1,107,593,596	2,172,829,629
	Total Expenditure	9,804,552,129	12,719,829,315	10,076,412,906	10,889,466,230	8,994,636,065
	Budgeted	11,901,862,365	13,689,901,837	12,925,617,143	13,066,172,243	13,120,745,608
	% Absorption	82	93	76	83	69

Percentage Budget Absorption 2017/18 – 2021/22



DETAILED REVENUE ANALYSIS

Table 5: TOTAL EXCHEQUER ISSUES 2021-2022

Revenue Item	Annual Budgeted	Total Receipt	Percentage
Equitable share	7,567,354,061	6,961,965,735	92
Opening Balance	265,660,321	265,660,321	100
GRANTS			
CA-Fuel levy fund	221,681,742	221,681,742	100
Agriculture Sector Support Program II	23,499,950	-	0
DANIDA	15,637,875	41,990,166	262
Kenya Devolution Support Program - Level 2	-	156,635,628	-
Kenya Devolution Support Program - Level 1	-	45,000,000	-
Transforming Health Systems for Universal Care Project (World Bank-IDA)	18,129,227	-	0
World Bank - Kenya Informal Settlement Improvement Project (KISIP)	300,000,000	-	0
Water & Sanitation Development Program – World Bank Fund	800,000,000	-	0
Total Grants	1,378,948,794	465,307,533	33.7
Total Exchequer Issues	8,946,302,855	7,692,933,589	85.9

Table 6: TOTAL LOCAL REVENUE COLLECTED 2021-2022

	FY 2021-2022
	Kshs
RECEIPTS	
Other Property Income-Rates	818,647,301
Receipts from Administrative Fees and Charges	559,373,784
Business Permits / Cess	498,723,726
Plot Rents	4,980,998
Market/Trade Centre fees	19,107,207
Vehicle Parking Fees	538,838,877
Housing	25,031,115
Environment and Conservancy Administration	111,534,780
Education Related Fees	118,000
Other Health and Sanitation Revenues	1,042,371,975
Fines Penalties and Forfeitures	904,790
TOTAL	3,619,632,553

ACTUAL LOCAL REVENUE/ EQUITABLE SHARE ANALYSIS 2018/2019-2021/2022 FYS

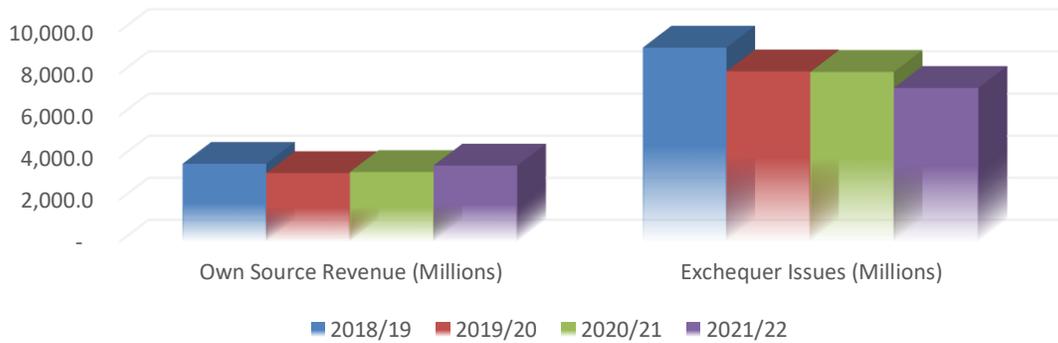


Table 7: LOCAL REVENUE ANALYSIS DETAILED 2021/2022

REVENUE.	ANNUAL BUDGETED 2021-2022 KSHS.	GRAND TOTALS 2021-2022 KSHS.	% Collection
Land Rates Current Year		236,073,370	
Land Rates Penalties	10,706,639	110,265	1%
Land Rates Other Years	951,242,723	58,152,947	6%
Other Property Charges	0	523,350,000	
Ground Rent Other Years	0	941,969	
Administration Cost	1,376,131	18,750	1%
Other Property Income	963,325,492	818,647,301.00	85%
COUNTY ASSEMBLY			
Document Search Fee	203,472	22,000.00	11%
Sales of County's Minutes / Bylaws	914	2,000.00	219%
	204,386	22,000.00	
Valuation & Survey Fees	42,492,786	-	0%
Ground Rent current Year	0	8,392,819.00	
Plot Transfer Fee	2,147,884	20,400.00	1%
Consent to Sub Lease	541,557	-	0%
Technical Division	52,593	10,000.00	19%
Beacon Search pointing Fee	105,842	43,000.00	41%
Survey Fee	2,808,845	18,750.00	1%
Subdivision & Consolidation Fees	22,083,901	65,000.00	0%

REVENUE.	ANNUAL BUDGETED 2021-2022 KSHS.	GRAND TOTALS 2021-2022 KSHS.	% Collection
Change of User	6,703,317	-	0%
Temporary Occupation License (TOL)	0	50,000.00	
Impounding charges	75,436	-	0%
Dog Licenses	39,287	-	0%
Storage Fee	348,561	-	0%
Training/Learning Center Fee	0	-	
Debts Clearance Certificate Fee	13,705	-	0%
Refund of Over Payment	446,517	166,149.00	37%
Other Property Charges	5,867,749	456,000.00	8%
Sand, Gravel, and Ballast Extraction Fees	829,018,029	350,233,760.00	42%
Incidental Charges	34,719	379,123.00	1092%
Tender Documents Sale	1,472,802	-	0%
Hotel Levy	38,868,296	26,704,830.00	69%
Stadium Hire	5,211,009	-	0%
Social Hall Hire	8,754,495	2,183,300.00	25%
Hire of County Grounds	356,327	93,000.00	26%
Sewer Connection Charge	4,568	-	0%
County Vehicles Hire	339,840	-	0%
Fire Inspection Fees	15,713,114	-	0%
Fire-Fighting Services	98,563,589	5,378,000.00	5%
Land Scape Scheme	32,834,639	-	0%
Buildings Plan Preparation Fee	1,568,233	3,032,825.00	193%
Buildings Plan Approval Fee	125,064,218	161,774,828.00	129%
Demolition of Structures	773,413	348,000.00	45%
Receipts from Administrative Fees and Charges	1,242,509,659	559,373,784.00	45%
Business Permits, Current Year	590,950,017	492,117,503.00	83%
Business Permits, Other Years (Including Penalties)	1,520,123	6,606,223.00	435%
Business Permits / Cess	592,470,140	498,723,726	84%
Plot Transfer Fee	17,360	13,600.00	78%
Document Search Fee	3,829	7,000.00	183%
Allottees Documents	33,764	-	0%
Instalment Fee (HDD Scheme)	140,525	37,790.00	27%
Annual Ground Rent (HDD Scheme)	2,933,126	2,349,504.00	80%
Plots Charges (HDD Scheme)	16,206,075	2,573,104.00	16%
Survey Fee	23,933	-	0%
Plot Rents	19,358,612	4,980,998	26%

REVENUE.	ANNUAL BUDGETED 2021-2022 KSHS.	GRAND TOTALS 2021-2022 KSHS.	% Collection
03020205 Mackinnon Market			
Market Stalls Rent	3,021,961	-	0%
Market Stalls Rent	1,586,352	-	0%
03020405 Mombasa Wholesale market			
Market Entrance / Gate Fee	422,431,080	1,742,593.00	0.4%
Market Stalls Rent(Rental store w/s mkt)	11,330,593	15,362,684.00	136%
Off loading	3,136,615	398,880.00	13%
Hawking Fee	22,977,126	1,596,300.00	7%
	0	1,750.00	
03020505 Magongo Market			
Market Shops Rent	1,091,870	-	0%
03020605 Likoni Open Air Market	0	-	
Market Stalls Rent	280,962	5,000.00	2%
03020705 Port Tudor, Kongowea & Likoni Market			
Market Stalls Rent	178,001	-	0%
03020805 Sega Market			
Market Stalls Rent	1,773,115	-	0%
03020905 Chaani Open Air Market			
Market Stalls Rent	1,367,491	-	0%
03021005 Mikindani Market			
Market Stalls Rent	361,140	-	0%
03021105 Mwembe Tayari Market			
Market Stalls Rent	1,562,806	-	0%
03021205 Kisauni Retail Stall Market			
Market Stalls Rent	3,938,704	-	0%
Collection from Market Establishments	475,037,816	19,107,207	4%
Drainage Certificate Charges	88,115	-	0%
Road Cutting Application Fees	92,102	166,500.00	181%
Other Vehicles Enclosed Park Fees (Cars, lorries, etc)	1,544	4,000.00	259%
Street Parking Fee	363,192,468	227,088,647.00	63%
Towing Fee.	151,477	-	0%
KAPS Parking Fees	0	10,552,800.00	
TLB Matatu Levy	232,492,409	190,322,160.00	82%

REVENUE.	ANNUAL BUDGETED 2021-2022 KSHS.	GRAND TOTALS 2021-2022 KSHS.	% Collection
Right of Way / WayLeave Fee (KPLN, Telkom, etc)	103,889,789	110,704,770.00	107%
Vehicle Parking Fees	699,907,904	538,838,877.00	77%
Housing Estates Monthly Rent	29,208,993	25,031,115.00	86%
Housing	29,208,993	25,031,115.00	86%
Sign Boards & Advertisement Fee	120,664,188	109,254,560.00	91%
County Vehicle Hire	159,500	-	0%
Horticulture Consultation Fee	39,200	265,800.00	678%
Livestock Certificates	521,922	133,630.00	26%
Livestock Permits	4,100	300.00	7%
Slaughter Licenses	10,000	10,000.00	100%
Vaccination(Dogs, Horses, Camels)	3,000	-	0%
Dog Licenses	82,000	113,000.00	138%
Cooperative Audit Charges	255,900	99,990.00	39%
Cemeteries Charges	424,700	-	0%
Garbage Dumping Fee	2,198,000	1,646,000.00	75%
Refuse Collection Fee	109,000	11,500.00	11%
Environment and Conservancy Administration	124,471,510	111,534,780.00	90%
Inspection Schools for Registration	9,559,000	118,000.00	1%
Other Education Related Fees	9,559,000	118,000	1%
COUNTY HEALTH			
Sundry Income	230,523,134	-	0%
07021305 Kongowea Health Centre			
Premises Inspection Fees	547,476,866	1,042,371,975.00	190%
07021905 Public Health Offices			
Poultry & Meat Inspection	2,300,000		0%
Other Health and Sanitation Revenues	780,300,000	1,042,371,975.00	134%
		-	
Court Fines	25,508,795	238,790.00	1%
Cash Bail	4,672,187	666,000.00	14%
Fines Penalties and Forfeitures	30,180,981	904,790	3%
COUNTY OWN REVENUE	4,966,330,107	3,619,632,553.00	73%

REVENUE ANALYSIS FOR 2021/2022

14. The County realized Kshs 3,619,632,553 being 73 percent of the budgeted local revenue of Kshs. 4,966,330,107. The total revenue collected was Kshs 11,312,566,142 being 81 percent of the total budgeted revenue of Kshs. 14,000,000,000 of which Kshs 7,692,933,589 was total exchequer issues of Kshs 465,307,533 transfers from other National Government entities including budgeted grants and donor funding. Equitable National share amounted to Kshs 6,961,965,735 which was 92 percent of the County allocation.
15. There was an increase in own source revenue collection of Ksh 305,099,375 which has been on a progressive increase. This positive trend shows that the county is progressively recovering from the grievous effects of the COVID-19 Pandemic. The County realized 3.6B which is 73% of the projected revenue of 5B.
16. The County's kitty for the Donor and conditional grants funding continues to wither with the county receiving only Kshs 465,307,533 as grants comprising of DANIDA health grant of Kshs. 41,990,166, Road Maintenance Levy Grant of Kshs. 221,681,742, World Bank-KDSP Level I, Kshs. 45,000,000, and World Bank-KDSP Level II, Ksh. 156,635,628.

Expenditure

17. Total expenditure amounted to Kshs. 9,620,434,315 against a target of Ksh 14,000,000,000 representing an under spending of Kshs. 4,379,565,685. (Or 31 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 donor grants.
18. The County had a 69% absorption rate which is the lowest both in percentage and in absolute figure in budget implementation over a five year period.
19. Recurrent expenditure was 88% amounting 8.4 billion which comprised of personnel emoluments, operations and maintenance.
20. Development expenditure was Kshs 1.2 Billion compared to a target of Kshs 3.9 Billion. This represented an under-spending of approximately Kshs 2.7 Billion (or 69 percent deviation from the approved development expenditure). The underperformance in development expenditure was majorly contributed by unrealized local revenue and lack of disbursement of all the World Bank's Water and Sanitation Grant.
21. 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

22. Reflecting the above performance in revenue and expenditure, the County had an absorption rate of 69 percent of the overall budget.
23. The County had a fiscal deficit of Kshs. 4.4 Billion to finance which was attributed to unrealized revenues.

Implication of 2021/22 fiscal performance on the set financial objectives

24. The performance in the FY 2021/22 has affected the financial objectives set out in the latest CFSP and the Budget for FY 2022/23 in the following ways:
25. 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.
26. 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.
27. 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.
28. 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.
29. While we expect the economy to remain resilient, our projections remain cautious. We expect the revenue growth to be on an upward trend in 2022/23 henceforth from all the revenue streams.
30. 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.
31. 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 8 and 9 provides comparison between the updated Revenue Projections for the FY 2022/23- 2023/24 and in the medium term.

Revenue Stream	Budgeted 2022/23	Projected 2023/24	Projected 2024/25
Road maintenance fees	201,914,493	55,010,218	57,760,729
Advertisement income	120,664,188	80,997,397	85,047,267
Parking fees	379,006,857	412,537,360	433,164,228
Fire brigade & ambulance fees	94,572,460	69,755,025	73,242,776
Total	796,157,998	618,300,000	649,215,000
Plot rent & related charges	19,358,612	20,326,543	21,342,870
Development control income	81,927,203	76,023,563	79,824,741
Structural Submission/Approval Fees	110,000,000	31,580,324	33,159,340
Land rates and related fees	932,777,973	955,943,300	913,151,965
Housing Estates Monthly Rent	29,208,993	32,815,535	34,456,312
Valuation & Survey Fees	40,772,128	35,310,735	37,076,272
Total	1,214,044,909	1,152,000,000	1,119,011,500
Stadium & Other Playing Fields	5,000,000	5,250,000	5,512,500
Social halls hire	8,400,000	8,820,000	9,261,000
Total	13,400,000	14,070,000	14,773,500
Legal department fees	1,504,731	1,579,968	1,658,966
General enforcement charges	5,630,146	5,911,654	6,207,237
Court Fines	30,180,981	22,508,378	23,633,797
Total	37,315,859	30,000,000	31,500,000
Hotel Levy	37,294,404	13,959,124	14,657,080
Sand, Gravel, and Ballast Extraction Fees	715,448,650	643,527,779	675,704,168
Market collection	495,396,815	304,802,634	320,042,766
Business permit fees	524,619,910	537,710,463	564,595,986
Total	1,772,759,779	1,500,000,000	1,575,000,000
Registration of Child Care Facilities	9,559,000	11,000,000	11,550,000
Total	9,559,000	11,000,000	11,550,000
Meat Inspection/Permit	2,300,000	3,100,000	2,205,000

Revenue Stream	Budgeted 2022/23	Projected 2023/24	Projected 2024/25
Boat Operations	3,700,000	4,570,000	3,745,000
Total	6,000,000	7,670,000	5,950,000
Tender Documents Sale	1,413,164	5,817,209	1,558,013
Financial related income	5,850,277	11,142,791	6,441,987
Total	7,263,441	16,960,000	8,000,000
Clinic cost sharing charges & Other services	958,000,000	1,000,000,000	1,035,000,000
Total	958,000,000	1,000,000,000	1,035,000,000
Total Local Revenue	4,814,500,985	4,350,000,000	4,450,000,000

Table 10: Updated Departmental Ceilings against CFSP' 20 Projections, 2021/22-2023/24

S/NO	DEPARTMENTS	Approved Budget FY 2021/2022	Final Budget FY 2021/2022	Budgeted 2022/23	Projected 2023/2024
3011	The Executive	356,491,789	213,928,018	360,000,000	360,000,000
3012	County Assembly	779,254,392	679,254,392	859,000,000	659,000,000
3013	Public Service Board	130,000,000	75,257,533	130,000,000	130,000,000
3014	Finance and Economic Planning	634,128,550	1,291,633,692	594,484,000	910,000,000
3015	Energy, Environment and Waste Management	612,000,000	582,592,293	615,000,000	615,000,000
3016	Education & Information Technology	596,000,000	292,510,043	627,516,000	646,000,000
3017	Health Services	3,271,787,854	2,647,848,919	3,255,000,000	3,400,000,000
3018	Water, Environment and Natural Resources	130,000,000	38,133,595	130,000,000	130,000,000
3019	Youth, Gender, Sports and Cultural Affairs	400,000,000	269,639,144	260,000,000	300,000,000
3020	Trade, Tourism and Investments	445,160,775	448,948,898	450,000,000	350,000,000
3021	Land, Planning, Housing and Urban Renewal	273,000,000	244,163,962	270,000,000	270,000,000
3022	Transport, Infrastructure and Public Works	510,000,000	367,080,838	594,000,000	560,000,000
3023	Agriculture, Fisheries, Livestock and Co-Operatives	273,499,950	159,789,666	235,000,000	250,000,000
3026	Devolution and Public Service Administration	906,176,640	2,804,841,515	920,000,000	920,000,000
REC	Total	9,317,499,950	10,115,622,508	9,300,000,000	9,500,000,000

S/NO	DEPARTMENTS	Approved Budget FY 2021/2022	Final Budget FY 2021/2022	Budgeted 2022/23	Projected 2023/2024
3011	County Executive	30,000,000	1,960,000	25,000,000	25,000,000
3012	County Assembly	200,000,000	200,000,000	30,000,000	30,000,000
3013	Public Service Board	20,000,000	1,890,000	20,000,000	20,000,000
3014	Finance & Economic Planning	326,500,050	233,974,435	300,000,000	350,000,000
3015	Energy, Environment & Waste Management	305,000,000	170,198,863	430,000,000	305,000,000
3016	Education & Information Technology	431,000,000	109,611,587	300,000,000	300,000,000
3017	Health Services	370,000,000	403,093,395	149,000,000	320,000,000
3018	Water, Sanitation & Natural Resources	1,100,000,000	800,500,000	1,000,000,000	1,200,000,000
3019	Youth, Gender, Sports and Cultural Affairs	500,000,000	237,182,301	500,000,000	500,000,000
3020	Trade, Tourism & Investment	400,000,000	9,999,678	380,000,000	380,000,000
3021	Land, Planning, Housing and Urban Renewal	480,000,000	421,726,867	400,000,000	180,000,000
3022	Transport, Infrastructure and Public Works	680,000,000	1,228,792,159	526,000,000	750,000,000
3023	Agriculture, Fisheries, Livestock and Co-operatives	230,000,000	48,434,715	250,000,000	250,000,000
3026	Devolution & Public Service Administration	110,000,000	17,013,494	90,000,000	90,000,000
Dev	TOTAL	5,182,500,050	3,884,377,492	4,400,000,000	4,700,000,000

	DEPARTMENTS	Approved Budget FY 2021/2022	Final Budget FY 2021/2022	Budgeted 2022/23	Projected 2023/2024
3011	The Executive	386,491,789	215,888,018	385,000,000	385,000,000
3012	County Assembly	979,254,392	879,254,392	889,000,000	689,000,000
3013	Public Service Board	150,000,000	77,147,533	150,000,000	150,000,000
3014	Finance & Economic Planning	960,628,600	1,525,608,127	894,484,000	1,260,000,000
3015	Energy, Environment & Waste Management	917,000,000	752,791,156	1,045,000,000	920,000,000
3016	Education & Information Technology	1,027,000,000	402,121,630	927,516,000	946,000,000
3017	Health Services	3,641,787,854	3,050,942,314	3,404,000,000	3,720,000,000
3018	Water, Sanitation & Natural Resources	1,230,000,000	838,633,595	1,130,000,000	1,330,000,000
3019	Youth, Gender, Sports and Cultural Affairs	900,000,000	506,821,445	760,000,000	800,000,000
3020	Trade, Tourism & Investment	845,160,775	458,948,576	830,000,000	730,000,000
3021	Land, Planning, Housing and Urban Renewal	753,000,000	665,890,829	670,000,000	450,000,000
3022	Transport, Infrastructure and Public Works	1,190,000,000	1,595,872,997	1,120,000,000	1,310,000,000
3023	Agriculture, Fisheries, Livestock and Co-operatives	503,499,950	208,224,381	485,000,000	500,000,000
3026	Devolution and Public Service Administration	1,016,176,640	2,821,855,009	1,010,000,000	1,010,000,000
Grand	TOTAL	14,500,000,000	14,000,000,000	13,700,000,000	14,200,000,000

Updated Expenditure Projections against CFSP' 21 Projections, 2021/22- 2023/24

32. 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 2023, the financial objectives contained in the latest CFSP, to reflect the changed circumstances.
33. The County Government has upgraded its automated revenue collection systems in most sources to reduce leakages, improved efficiency and effectiveness and thus increase 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.
34. Additional risks could emanate from public spending pressures especially on the recurrent expenditures including adoption of the proposed CBA that will lead to an increase in the personnel emolument budget.
35. The fiscal framework for the financial year 2023/24 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.
36. To achieve this, the Government endeavors to prioritize expenditure in provision of safe potable water, quality health services, modernized education institutions, improved infrastructure, sanitation and waste management, social protection as well as youth and gender empowerment. The overall objective of this is to realize sustainable, shared and equitable growth that would in return lead to accelerated job creation and improved livelihoods for the citizenry.

V. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

A. Recent Economic Developments

Global Economic Performance

37. The 2022 Budget Review and Outlook Paper (BROP) has been prepared against a background of economic slowdown occasioned by the ongoing Russia-Ukraine conflict, effects of the COVID-19 containment measures, higher-than expected inflation worldwide triggered by higher global oil and food prices and the impact of the global monetary policy that has created tighter financial condition. As a result, the global economy is projected to slow down to 3.2 percent in 2022 from 6.1 percent 2021.
38. Advanced economies are projected to slow down to 2.5 percent in 2022 from 5.2 percent in 2021 reflecting weaker-than-expected growth in the United States and the Euro area. Growth in the United States slowed down due to significantly less momentum in private consumption while the slowdown in growth in the euro area reflected spill overs from the war in Ukraine as well as the assumption of tighter financial conditions. For emerging market and developing economies, growth is also projected to slow down to 3.6 percent in 2022 from 6.8 percent in 2021 reflecting mainly the sharp slowdown of China's economy and the moderation in India's economic growth.
39. In sub-Saharan Africa region, growth is projected to slow down by 3.8 percent in 2022 from a growth of 4.6 percent in 2021. The slowdown is as a result of domestic price pressures, partly induced by supply disruptions owing to the war in Ukraine reducing food affordability, and real incomes as well as surging fuel prices across the region.

Domestic Economic Performance

GDP Growth

40. The Kenyan economy demonstrated remarkable resilience and recovery to the COVID-19 shock due to the diversified nature of the economy and the proactive measures by the Government to support businesses. The economy expanded by 7.5 percent in 2021, a much stronger level from a contraction of 0.3 percent in 2020. This economic recovery was mainly supported by the recovery in the service and industry sectors despite the subdued performance in the agricultural sector.
41. In the first quarter of 2022, the economy expanded further by a remarkable 6.8 percent compared with a growth of 2.7 percent in a similar quarter in 2021. The strong performance was supported by continued recovery in manufacturing, transport and storage, accommodation

and food services, wholesale and retail trade, Professional, administration and support services and financial and insurance.

42. The recovery of activities in the services sector continued in the first quarter of 2022. The sector grew by 9.1 percent in the first quarter of 2022 compared to a growth of 3.2 percent in the same quarter in 2021. The strong growth was largely characterized by significant recovery in transportation and Storage (8.1 percent), accommodation and food services (56.2 percent) and Professional, Administrative and Support Services (14.9 percent). The sector was also supported by strong growths financial and insurance services (14.4 percent), and wholesale and retail trade (8.7 percent). The services sector contributed 5.1 percentage point to real GDP growth in the first quarter of 2022 compared to the 1.8 percentage point contribution in the same quarter in 2021.

Domestic Employments

43. Relaxation of various containment measures, such as the night curfew, lockdowns and travel restrictions coupled with the rollout of COVID-19 vaccination had a positive impact on economic activities. This provided an environment that spurred economic recovery and growth in 2021. There was a general decline in unemployment and inactivity levels, with total employment surpassing the pre-pandemic level. Total new jobs created in the economy were 926.1 thousand of which 172.3 thousand were in the formal sector, while 753.8 thousand were in the informal sector.
44. Wage employment in the formal sector recorded a growth of 6.0 percent to 2.9 million in 2021 and created a total of 172.3 thousand jobs. This was supported by a partial resumption of international travel, and a broad-based recovery in the manufacturing sector. The number of self-employed and unpaid family workers engaged in the formal sector increased by 4.9 percent in 2021 compared to a decline of 4.1 percent recorded in 2020. The informal sector created 753.8 thousand jobs accounting for 81.4 percent of the total jobs created outside of small-scale agriculture and pastoralist activities.

Inflation Rate

45. The year-on-year inflation rate increased to 8.5 percent in August 2022 (above the 7.5 percent upper bound) from 6.6 percent in August 2021 mainly due to higher food and fuel prices. This increase was moderated by Government measures to stabilize fuel prices, lower electricity tariffs and subsidies on fertilizer prices. Additionally, the waiver of import duties and levies on white maize and the reduction in VAT on LPG will further moderate domestic prices. Overall annual average inflation remained within Government target range at 6.6 percent in August 2022 compared to the 5.7 percent recorded in August 2021.

46. Food inflation remain the main driver of overall year-on-year inflation in August 2022, contributing 5.9 percentage points, an increase, compared to a contribution of 3.9 percentage points in August 2021. The increase was mainly attributed to dry weather conditions and supply constraints that resulted in a rise in prices of key food items particularly maize flour (loose), sugar, maize grain (loose), carrots, white rice, Irish potatoes and onions.
47. Fuel inflation remained generally stable contributing to 1.6 percentage points to year-on year overall inflation in August 2022 from a contribution of 1.5 percentage points in August 2021. This was mainly due to the effect of Government measures to stabilize fuel prices and lower electricity tariffs. However, there was notable increase in the prices of kerosene/paraffin, petrol and diesel in August 2022 compared to August 2021.
48. The contribution of core inflation to year-on-year overall inflation has been low and stable, consistent with the muted demand pressures in the economy on account of prudent monetary policies. The contribution of core inflation to overall inflation remained stable at 1.0 percentage points in August 2022 compared to 0.9 percentage point's contribution in August 2021.
49. Kenya's rate of inflation compares favourably with the rest of Sub-Saharan Africa countries. In August 2022, Kenya recorded a lower inflation rate than Ghana, Rwanda, Nigeria, Burundi, Zambia and Uganda.

Kenya Shilling Exchange Rate

50. The foreign exchange market has largely remained stable despite the tight global financial conditions and the high demand for the US Dollar in the international market. The Kenya Shilling to the US Dollar exchanged at Ksh 119.4 in August 2022 compared to Ksh 109.2 in August 2021. Over the same period, the Kenyan Shilling strengthened against other major international currencies. The Euro exchanged at Ksh 121.0 in August 2022 compared to Ksh. 128.6 in August 2021 while the Sterling Pound exchanged at Ksh 143.5 compared to Ksh 150.9 over the same period.
51. In comparison to most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by 9.3 percent against the US Dollar in the year to August 2022. The depreciation rate of the Kenya Shilling was lower than that of Namibian Dollar, Botswana pula, South African Rand and Malawi Kwacha. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and improved exports.

B. Medium Term Economic Outlook

Global Growth Outlook

52. The global economic outlook remains highly uncertain with growth projected to moderate to 2.9 percent in 2023 from 3.2 percent in 2022 largely reflecting a slowdown in advanced economies despite a gradual pick up in the emerging market and developing economies. Advanced economies are projected to slow down by 1.0 percent in 2023 from 2.3 percent in 2022 mainly due to a slowdown in growth in the United States and the Euro area. Growth in the United States is projected to slow down due to the expected impact of a steeper tightening in monetary policy. Growth in the euro area is expected to be adversely affected by the spill overs from the war in Ukraine as well as the assumption of tighter financial conditions.
53. The emerging market and developing economies are projected to pick up to a growth of 3.9 percent in 2023 from a growth of 3.6 percent in 2022 albeit with varying performance across countries. The emerging and developing Asia is projected to pick up as a result of a more robust recovery in china despite a slowdown in India, while growth in the Latin America and the Caribbean and the Middle East and Central Asia are expected to slow down.
54. The Sub-Saharan African region is projected to pick up to a growth of 4.0 percent in 2023 from 3.8 percent in 2022 with the East and Southern African sub-region showing a sustained recovery from the recession. The DRC and Zambia are expected to benefit from rising metal prices in the short-and medium term and gain from the transition away from fossil fuels in the long term.

Domestic Growth Outlook

55. Domestically, leading indicators of economic activity show continued strong performance in the second quarter of 2022, supported by strong activity in transport and storage, wholesale and retail trade, construction, information and communication, and accommodation and food services. As such, the economy is expected to remain robust at 5.5 percent in 2022, with continued strong performance of the services sector despite the downside risks to global growth.
56. Growth is expected to remain resilient growing by 5.8 percent in FY 2022/23 and averaging 6.2 percent over the medium term. This will be supported by a broad-based private sector growth, including recoveries in agriculture while the public sector consolidates. This outlook will be reinforced by the ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda and the Economic Recovery Strategy.
57. Additionally, the Government is implementing the third phase of the Economic Stimulus Programs that target strategic interventions in agriculture, health, education, drought response, policy, infrastructure, financial inclusion, energy, and environmental conservation. The

economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) of the Vision 2030.

Monetary Policy Outlook

58. The main objective of monetary policy, over the medium term will be to maintain price stability. Overall inflation is expected to moderate to 6.0 percent in FY 2022/23 and remain within the target range of 5 ± 2.5 percent as international commodity prices, particularly oil, wheat and edible oils, have begun to moderate. Additionally, the waiver of import duties and levies on white maize and the reduction in VAT on LPG will further moderate domestic prices.
59. The foreign exchange market is expected to remain stable supported by, resilient export receipts, buoyant remittances, and a gradual pick up in receipts from services exports. The continued coordination of monetary and fiscal policies is expected to sustain macroeconomic stability and support economic activity.

Fiscal Policy Outlook

60. The Fiscal policy over the medium-term aims at enhancing revenue mobilization, expenditure rationalization and strengthening management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects. This is geared towards economic recovery to support sustained, rapid and inclusive economic growth, safeguard livelihoods and continue the fiscal consolidation programme to create fiscal space for the implementation of the “Big Four” Agenda.

Recent Economic Developments in the County

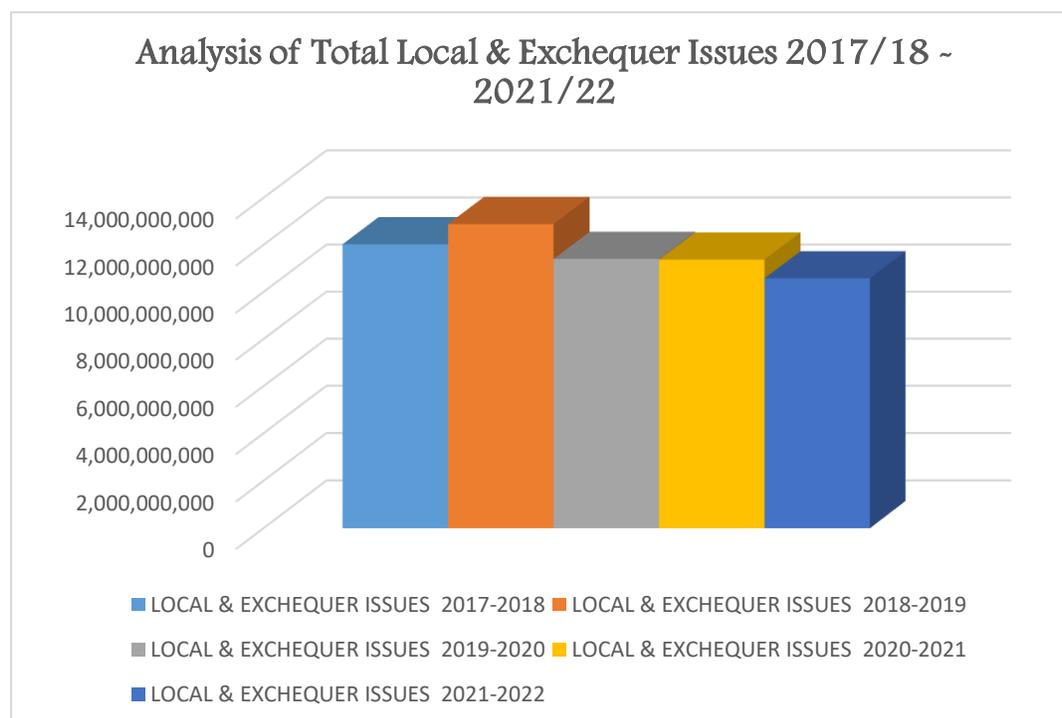
61. Growth in the local revenue remained resilient during the first three quarters with the highest collection being in the third quarter, however the collection dipped in the fourth quarter. In terms of the development agenda in the 2021/22 FY, most of the projects could not be undertaken due to the cash crunch thus have been reprioritized in the next FY and beyond.
62. As the county diversifies its economic activities and positions its self to becoming a preferred destination for investors both local and foreign so as to improve the quality of life for its citizens, it will establish onsite infrastructure. This is will stimulate the ailing economy by providing an enabling environment for investment and delivery of services by acting as a catalyst that ensures amongst others a vibrant 24 hours economy and also a preferred worldwide tourist destination.
63. In infrastructure development, the main interventions will be improvement of access roads, drainage, non-motorized transport, beautification and aesthesis of the County. To empower the SMES the county will continue to improve and set up trading infrastructure within the county.
64. On the exploitation of the Blue Economy; the main economic activities driving the Gross County Product (GCP) in Mombasa County are Transport and Storage (27.0 per cent) and Manufacturing

(14.0 per cent). The National Spatial Plan 2015-2045 identifies Mombasa as a key coastal urban centres that serves as a Port City and Gateway to East Africa. The Sea Port of Mombasa provides direct connectivity to over 80 Ports worldwide and is linked to a vast hinterland comprising countries in East Africa.

65. The County Government has plans for; Establishment of Model Farms, Construction of Mari culture Farms, continuous procurement of fishing gears and boat accessories, Create an integrated value addition Centre with both agriculture and fisheries components, Construction of a 110-tonne capacity cold storage as well as Branding of the 001 products.
66. In addition to the above measures, the Government will continue to support the development of the onsite infrastructure for the industrial parks, Export Processing Zones (EPZs), Special Economic Zones (SEZs) and industrial parks across the country. More specifically the establishment of the Dongo Kundu SEZs and infrastructures.
67. 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.
68. The projected water demand for the County is 186,000 cubic meters per day while the current supply is at 42,000 cubic meters. The available supply can only meet about 25% of the demand and thus there is need for concerted efforts to address the water deficit. The establishment of desalination plants that will address the shortfall has been prioritized within the county development plans. A large population relies on borehole water that contains a high percentage of fecal contamination and not safe for domestic use.
69. The County Government's process of the total rehabilitation of the CBD and all public beaches which will give the tourism sector a major boost and see Mombasa reclaiming its glory as a major tourism destination both locally and internationally has been on course.
70. 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.

Table 11: MONTHLY GRAPHICAL COMPARISON FOR LOCAL & EXCHEQUER ISSUES FOR THE FY 2017/18-2021/22

Month	LOCAL & EXCHEQUER ISSUES 2017-2018	LOCAL & EXCHEQUER ISSUES 2018-2019	LOCAL & EXCHEQUER ISSUES 2019-2020	LOCAL & EXCHEQUER ISSUES 2020-2021	LOCAL & EXCHEQUER ISSUES 2021-2022
July	727,185,165	91,417,758	110,950,638	133,177,640	290,898,301
August	79,711,499	562,615,570	164,871,323	180,063,924	763,683,092
September	572,345,325	663,072,153	1,423,722,979	207,752,314	967,834,543
October	91,899,794	936,242,786	824,649,783	1,365,540,619	883,913,934
November	1,087,104,176	1,023,383,274	208,065,464	1,023,223,263	1,410,259,303
December	931,140,740	1,185,508,365	1,052,784,432	737,461,308	826,311,283
January	1,084,667,063	1,378,881,746	1,235,881,938	1,240,116,309	1,142,223,950
February	885,758,696	1,217,633,592	2,014,214,307	1,044,554,398	1,122,860,912
March	1,664,468,592	733,336,511	1,199,399,565	1,141,508,952	1,121,314,725
April	519,256,970	1,983,347,865	243,403,040	880,176,898	971,630,654
May	1,160,397,863	257,793,200	901,902,540	786,713,182	781,531,785
June	3,226,497,419	2,855,212,810	2,026,400,543	2,636,959,134	299,135,806
	12,030,433,302	12,888,445,630	11,406,246,551	11,377,247,941	10,581,598,288



Medium Term Fiscal Framework

71. 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.
72. 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 2023/24 by encouraging more private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.
73. The growth of the outlook for the calendar year 2022 and the FY 2022/23 and the medium term, will be supported by the stable macroeconomic environment, ongoing investments in strategic priorities of the County Government under the Vision 2035 to compliment the “Big Four” Agenda, the ongoing public investments in infrastructure projects, the Economic Stimulus Program being implemented and the planned Post Covid-19 Economic Recovery Strategy, turn around in trade as economies recover from the Pandemic.
74. The County Government in developing the third generation CIDP 2023-2028 will ensure 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.
75. With respect to revenue, the CG will maintain a strong revenue effort at 10 percent of Revenue Growth over the medium term. Measures to achieve this effort include upgrading of the county revenue automated systems, interdepartmental concerted efforts towards revenue collection, implementation of the finance act 2022 with a rejuvenated enforcement mechanism. In addition, the CG will rationalize existing fees and charges incentives, expand the income base and remove exemptions as envisaged in the Constitution.
76. 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.
77. 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.

Risks to the Outlook

78. There are down side risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic front, the emergence of new Omicron COVID-19 variants may occasion restrictive measures. Other risks relate to lower agricultural output due to potential adverse weather conditions. Additionally, increased public expenditure pressures, particularly wage and other recurrent expenditures, would put a strain to the fiscal space.
79. On the external front, the key downside risks include: uncertainty about the global outlook, reflecting adverse effects of the war in Ukraine, inflationary risks (from rising prices of food and oil), continuing COVID-19 pandemic related disruptions, and supply chain constraints as well as increased global financial markets volatility amid the tightening of monetary policy in advanced economies.
80. The Government has faced difficult policy trade-offs to secure economic recovery and navigate existing macroeconomic challenges amidst diminishing fiscal space. Among the fiscal measures implemented by Government to minimize the adverse impact of these emerging issues to the Kenyan economy include, among others:
- Subsidizing pump prices through the Petroleum Development Levy Fund;
 - Reduction in electricity tariff by 15 percent to lower cost of power;
 - Granting waiver of import duty on 540,000 metric tonnes of white non-genetically modified (non-GMO) imported into the country; and waived for a period of 3 months, the Railway Development Levy and the Import Declaration Fee on the importation of the gazetted white maize;
 - Implemented Fertilizer Subsidy - to farmers during the April planting season (Ksh 3.0 billion) and a further Ksh 2.7 billion for the next planting season in October 2022;
 - Reduced the VAT rate on LPG from 16% to 8% in the Finance Act, 2022;
 - Increased the minimum wage for low earners by 12 percent with effect from 1st May, 2022.
81. The County will embark on the implementation of the Economic Recovery Strategy to return the economy on a stable growth path. Additionally, the diversified nature of our economy continues to offer resilience to any global challenges.
82. 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.
83. The high wage bill continues to be a major challenge in the implementation of the budget. Currently in the 2022/23 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.

84. Non timely 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.
85. 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.
86. The fiscal framework for the financial year 2023/24 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 provision of safe potable water, quality health services, modernized education institutions, improved infrastructure, sanitation and waste management, social protection as well as youth and gender empowerment. The overall objective of this is to realize sustainable, shared and equitable growth that would in return lead to accelerated job creation and improved standards of living for the citizenry.
87. 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. The CIDP 2018-22 which is in its final stretch has articulated key priority measures to accelerate growth, taking into account limited public resources and increased service delivery for improved livelihoods and this will be transited in the next generation CIDP 2023/2028 .
88. The Government will monitor the above risks and take appropriate measures to safeguard macroeconomic stability including preparation of supplementary budgets to regularize and align any emerging issues.

VI. RESOURCE ALLOCATION FRAMEWORK

A. Adjustment to 2022/23 Budget

89. Given dismal performance in 2021/22 and the updated fiscal outlook, the risks to the FY 2022/23 budget include lack of realization of the projected local revenue which will hinder the full implementation of the budget. Expenditure pressures with respect to increased personnel emoluments.
90. In addition, implementation pace in the spending units continues to be a source of concern especially with regard to the development expenditures and uptake of external resources. These risks will be monitored closely and the CG would take appropriate measures in the context of the Supplementary Budget.
91. Adjustments to the 2022/23 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 constraints, the Government will rationalize expenditures by cutting those that are non-priority. These may include slowing down or reprioritizing development expenditures and increased budgeting for debt resolution.
92. Any review of salaries and benefits for the personnel continues to be conducted by the Salaries and Remunerations Commission (SRC) in accordance with Article 230 of the Constitution and Regulations.
93. On the Revenue side, the County Treasury continues to institute corrective measures to curb the revenue leakages by enhancing compliance and updating of the revenue automation system.
94. Departments are expected to prioritize their expenditure and reallocate funds guided by the priorities during the preparation of the supplementary budget guided by the resource availability.

B. Medium-Term Expenditure Framework

95. 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.
96. 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.
97. In this regard, the County Government in the meantime continues to take decisive steps to harness the implementation of various policies and programmes within the key priorities in the CFSP 2022 as it embarks on the development of the CIDP 2023- 2028 as outlined below;
 - ✓ Enhanced health services
 - ✓ Sustainable waste management services
 - ✓ Augment accessibility to safe potable water and sustained food security
 - ✓ Integrated Quality Education, Gender empowerment, Youth & Sports improvement

- ✓ Affordable Housing Services and Land management
- ✓ Public and onsite Infrastructure development

98. The fiscal framework for the financial year 2023/24 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.

99. The fundamental pillar of post-Covid-19 Economic Recovery Strategy (ERS) is a sound macroeconomic framework. The other key pillars include accelerated growth in private sector investment; enhanced allocations to strengthen health care systems; supported recovery and growth of MSMEs; full implementation of the ESP; continue harnessing the blue economy; up-scaled investment in infrastructure; facilitate clean, green and resilient growth and better disaster preparedness and management. In addition, the Government will pay greater attention to economic governance, inequality, social cohesion, gender, youth, regional integration, and international cooperation.

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

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

101. Reflecting the above medium-term expenditure framework, the tables below provide the tentative projected baseline ceilings for the 2023/24 MTEF, classified by Departments.

Table 13: Medium Term Sector Ceiling 2021/2022 ~ 2024/2025, Ksh Million

S/NO	DEPARTMENTS	Approved Budget 2021/2022	Final Budget 2021/2022	Budgeted 2022/2023	Projected 2023/2024	Projected 2024/2025
3011	The Executive	356,491,789	213,928,018	360,000,000	360,000,000	367,200,000
3012	County Assembly	779,254,392	679,254,392	859,000,000	659,000,000	672,180,000
3013	Public Service Board	130,000,000	75,257,533	130,000,000	130,000,000	132,600,000
3014	Finance and Economic Planning	634,128,550	1,291,633,692	594,484,000	910,000,000	928,200,000
3015	Energy, Environment and Waste Management	612,000,000	582,592,293	615,000,000	615,000,000	627,300,000
3016	Education & Information Technology	596,000,000	292,510,043	627,516,000	646,000,000	658,920,000
3017	Health	3,271,787,854	2,647,848,919	3,255,000,000	3,400,000,000	3,468,000,000
3018	Water, Environment and Natural Resources	130,000,000	38,133,595	130,000,000	130,000,000	132,600,000
3019	Youth, Gender, Sports and Cultural Affairs	400,000,000	269,639,144	260,000,000	300,000,000	306,000,000
3020	Trade, Tourism and Investments	445,160,775	448,948,898	450,000,000	350,000,000	357,000,000

3021	Land, Planning, Housing and Urban Renewal	273,000,000	244,163,962	270,000,000	270,000,000	275,400,000
3022	Transport, Infrastructure and Public Works	510,000,000	367,080,838	594,000,000	560,000,000	571,200,000
3023	Agriculture, Fisheries, Livestock and Co-Operatives	273,499,950	159,789,666	235,000,000	250,000,000	255,000,000
3026	Devolution and Public Service Administration	906,176,640	2,804,841,515	920,000,000	920,000,000	938,400,000
REC		9,317,499,950	10,115,622,508	9,300,000,000	9,500,000,000	9,690,000,000

S/NO	DEPARTMENTS	Approved Budget 2021/2022	Final Budget 2021/2022	Budgeted 2022/2023	Projected 2023/2024	Projected 2024/2025
3011	County Executive	30,000,000	1,960,000	25,000,000	25,000,000	25,500,000
3012	County Assembly	200,000,000	200,000,000	30,000,000	30,000,000	30,600,000
3013	Public Service Board	20,000,000	1,890,000	20,000,000	20,000,000	20,400,000
3014	Finance & Economic Planning	326,500,050	233,974,435	300,000,000	350,000,000	357,000,000
3015	Energy, Environment & Waste Management	305,000,000	170,198,863	430,000,000	305,000,000	311,100,000
3016	Education & Information Technology	431,000,000	109,611,587	300,000,000	300,000,000	306,000,000
3017	Health Services	370,000,000	403,093,395	149,000,000	320,000,000	326,400,000
3018	Water, Sanitation & Natural Resources	1,100,000,000	800,500,000	1,000,000,000	1,200,000,000	1,224,000,000
3019	Youth, Gender, Sports and Cultural Affairs	500,000,000	237,182,301	500,000,000	500,000,000	510,000,000
3020	Trade, Tourism & Investment	400,000,000	9,999,678	380,000,000	380,000,000	387,600,000
3021	Land, Planning, Housing and Urban Renewal	480,000,000	421,726,867	400,000,000	180,000,000	183,600,000
3022	Transport, Infrastructure and Public Works	680,000,000	1,228,792,159	526,000,000	750,000,000	765,000,000
3023	Agriculture, Fisheries, Livestock and Co-operatives	230,000,000	48,434,715	250,000,000	250,000,000	255,000,000
3026	Devolution & Public Service Administration	110,000,000	17,013,494	90,000,000	90,000,000	91,800,000
Dev	TOTAL	5,182,500,050	3,884,377,492	4,400,000,000	4,700,000,000	4,794,000,000
	DEPARTMENTS	Approved Budget 2021/2022	Final Budget 2021/2022	Budgeted 2022/2023	Projected 2023/2024	Projected 2024/2025
3011	The Executive	386,491,789	215,888,018	385,000,000	385,000,000	375,816,961
3012	County Assembly	979,254,392	879,254,392	889,000,000	689,000,000	684,382,942
3013	Public Service Board	150,000,000	77,147,533	150,000,000	150,000,000	133,015,169
3014	Finance & Economic Planning	960,628,600	1,525,608,127	894,484,000	1,260,000,000	1,429,544,736
3015	Energy, Environment & Waste Management	917,000,000	752,791,156	1,045,000,000	920,000,000	977,879,230
3016	Education & Information Technology	1,027,000,000	402,121,630	927,516,000	946,000,000	972,487,701
3017	Health Services	3,641,787,854	3,050,942,314	3,404,000,000	3,720,000,000	3,677,301,511
3018	Water, Sanitation & Natural Resources	1,230,000,000	838,633,595	1,130,000,000	1,330,000,000	1,479,087,137
3019	Youth, Gender, Sports and Cultural Affairs	900,000,000	506,821,445	760,000,000	800,000,000	915,974,308
3020	Trade, Tourism & Investment	845,160,775	458,948,576	830,000,000	730,000,000	808,932,120
3021	Land, Planning, Housing and Urban Renewal	753,000,000	665,890,829	670,000,000	450,000,000	518,106,395
3022	Transport, Infrastructure and Public Works	1,190,000,000	1,595,872,997	1,120,000,000	1,310,000,000	1,227,404,634
3023	Agriculture, Fisheries, Livestock and Co-operatives	503,499,950	208,224,381	485,000,000	500,000,000	482,945,849
3026	Devolution and Public Service Administration	1,016,176,640	2,821,855,009	1,010,000,000	1,010,000,000	951,700,994
Grand	TOTAL	14,500,000,000	14,000,000,000	13,700,000,000	14,200,000,000	14,634,579,687

C. Departments Budgets and Programs Prioritization

102. A key challenge in developing the 2023/24 MTEF budget is the prioritization of resource allocation to pending and ongoing projects.
103. 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.
104. Extensive work has been done in providing reporting templates and issuance of budget guidelines so as to ensure consistency in reporting and monitoring progress.
105. 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.

D. Budget Framework 2023/2024

106. The 2023/24 budget framework is set against the background of the updated medium-term macro-fiscal framework set out above.

Revenue Projections

107. The 2023/24 budget targets local revenue of Kshs 4.4 billion and National Government transfer of 9.8 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 14.2 billion.

Expenditure Forecasts

108. In 2021/22, overall expenditures are projected to be 14.2 billion.

VII. CONCLUSION AND WAY FORWARD

109. The fiscal outcome for 2023/24 together with the updated forecast has had ramification of the financial objectives elaborated in the last CFSP 2022.
110. The FY 2023/24 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, the eminent drought and the soaring fuel prices which may reallocate resources from the productive sectors.
111. 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 full implementation of the 2018-2022 CIDP. These measures take into account the need to maintain fiscal discipline in all levels of the government for maximum return from public resources.
112. The set of policies outlined in this CBROP reflect the changed circumstances and are broadly in line with the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives pursued by the Government as a basis of allocation of public resources.
113. The policies 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.
114. 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.
115. The policies and sector ceilings annexed herewith will guide the Departments in preparation of the 2023/2024 budget. The CG should scale down its budget and then increase it gradually over the medium term as it expands its revenue base.
116. The ceilings will form inputs into the next County Fiscal Strategy Paper (CFSP) which will be developed in February 2023 as per the budget cycle.

ANNEXES

ANNEX 1. COMPARISON OF EXCHEQUER ISSUES AND LOCAL REVENUE COLLECTION BY ON MONTHLY BASIS 2021-2022.

Month	Local Revenue	Exchequer Issues
July	290,898,301	0
August	158,294,767	605,388,325
September	324,609,448	643,225,095
October	240,688,839	643,225,095
November	161,645,883	1,248,613,420
December	220,922,958	605,388,325
January	498,998,855	643,225,095
February	479,635,817	643,225,095
March	515,926,400	605,388,325
April	290,568,789	681,061,865
May	138,306,690	643,225,095
June	299,135,806	0
Total	3,619,632,553	6,961,965,735

To compare Revenue collection between two major sources

ANNEX 2: COMPARISON OF LOCAL REVENUE BETWEEN FY 2017/2018 TO FY 2021/2022

MONTH	2017/2018	2018/2019	2019/2020	2020/2021	2021-2022
JULY	129,214,413	91,417,758	110,950,638	133,177,640	290,898,301
AUGUST	79,711,499	131,853,605	164,871,323	180,063,924	158,294,767
SEPTEMBER	99,058,707	75,372,653	195,639,679	207,752,314	324,609,448
OCTOBER	91,899,794	195,060,885	192,425,344	200,978,869	240,688,839
NOVEMBER	90,313,887	147,641,305	208,065,464	195,076,359	161,645,883
DECEMBER	88,038,962	362,828,365	228,108,277	162,790,308	220,922,958
JANUARY	218,665,976	434,584,730	286,649,313	441,650,127	498,998,855
FEBRUARY	202,052,584	422,738,253	421,483,469	415,598,494	479,635,817
MARCH	952,278,303	733,336,511	634,763,565	541,583,202	515,926,400
APRIL	440,470,531	468,186,699	203,268,450	280,251,148	290,568,789
MAY	336,178,479	203,642,080	160,817,790	211,868,868	138,306,690
JUNE	440,130,574	405,994,209	508,759,315	343,741,925	299,135,806
TOTAL	3,168,013,709	3,672,657,053	3,315,802,627	3,314,533,178	3,619,632,553

To Compare Local Revenue between five fiscal years

ANNEX 3: COMPUTATION OF MONTHLY EXCHEQUER ISSUES BETWEEN FY 2017/2018 TO FY 2021/2022

MONTH	EXCHEQUER ISSUES 2017-2018	EXCHEQUER ISSUES 2018-2019	EXCHEQUER ISSUES 2019-2020	EXCHEQUER ISSUES 2020-2021	EXCHEQUER ISSUES 2021-2022
JULY	597,970,752	0	0	0	0
AUGUST	0	430,761,965	0	0	605,388,325
SEPTEMBER	473,286,618	587,699,500	1,228,083,300	0	643,225,095
OCTOBER	0	741,181,901	632,224,439	1,164,561,750	643,225,095
NOVEMBER	996,790,289	875,741,969	0	828,146,904	1,248,613,420
DECEMBER	843,101,778	822,680,000	824,676,155	574,671,000	605,388,325
JANUARY	866,001,087	944,297,016	949,232,625	798,466,182	643,225,095
FEBRUARY	683,706,112	794,895,339	1,592,730,838	628,955,904	643,225,095
MARCH	712,190,289	0	564,636,000	599,925,750	605,388,325
APRIL	78,786,439	1,515,161,166	40,134,590	599,925,750	681,061,865
MAY	824,219,384	54,151,120	741,084,750	574,844,314	643,225,095
JUNE	2,786,366,845	2,449,218,601	1,517,641,228	2,293,217,209	0
TOTAL DISBURSED	8,862,419,593	9,215,788,577	8,090,443,924	8,062,714,763	6,961,965,735