



COUNTY GOVERNMENT OF MOMBASA  
COUNTY TREASURY

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**MOMBASA 2023 COUNTY BUDGET  
REVIEW AND OUTLOOK PAPER**

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©SEPTEMBER 2023

© Budget Review and Outlook Paper (CBROP) 2023

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## Foreword

The Mombasa County Budget Review and Outlook Paper (CBROP) 2023, the first to be prepared under the new Administration, of the Kenya Kwanza Government, is based on the framework of Bottom-up Economic Transformation Agenda (BETA). It sets out the Administration's priority programs, policies and reforms to be implemented in the Medium-Term Expenditure Framework (MTEF). The priority programmes and policies under BETA are detailed in the Fourth Medium-Term Plan for the period 2023-2027 which is anchored on Kenya Vision 2030 that will prioritize implementation of economic recovery strategies of the new Administration to reposition the economy on a steady, inclusive and sustainable growth trajectory.

The Mombasa 2023 CBROP is mirroring the National Government's Budget Review and Outlook Paper 2023, and has been prepared against a backdrop of continued global uncertainties, reflecting high but easing inflationary pressures, weak global growth outlook, heightened geopolitical tensions particularly the conflict in Ukraine, concerns about financial sector stability in advanced economies, and increased food insecurity due to climate-related shocks. Global growth is projected to slow down to 3.0 percent in 2023 and 2024 from 3.5 percent in 2022, reflecting the impact of the tightening of monetary policy and escalation of geopolitical tensions particularly the ongoing war in Ukraine.

On the domestic scene, Kenya's economic performance is projected to remain strong and resilient over the medium term. The economy recorded a strong growth of 5.3 percent in the first quarter reflecting a strong recovery in agriculture sector and buoyant services sector including financial and insurance, information and communication, wholesale and retail trade and transport and storage. The economy is expected to remain strong and expand by 5.5 percent in 2023 (5.6 percent in FY 2023/24) and 5.7 percent in 2024 (5.9 percent in FY 2024/25).

It presents the recent economic developments and actual fiscal performance of the FY 2022/2023 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 April 2023. In this Paper, we will also provide an overview of how the actual performance of the FY 2022/2023 affected the County's compliance with the fiscal responsibility principles and the financial objectives as detailed in the 2022 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; Revamping of quality and affordable health services, Youth Empowerment, Cohesion and Inclusivity, Education and Training development, streamlined waste management services as well as Investment Promotion which will have been focused and highly emphasized in the 2023-2027 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.



**MR. EVANS OANDA**

COUNTY EXECUTIVE COMMITTEE MEMBER

FINANCE AND ECONOMIC PLANNING

## Acknowledgement

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

The document provides the fiscal outturn for the FY 2022/23, the macro-economic projections and set sector ceiling for the FY 2024/25 and the Medium-Term Budget. The document also provides an overview of how the actual performance of the FY 2022/23 affected compliance in the fiscal responsibility principles and the financial objectives outlined in the PFM Act.

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

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



**CPA GLORIA MWASI**

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## Abbreviations and Acronyms

ADP	Annual Development Plan
BETA	Bottom Up Transformation Agenda
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	Sustainable Development Goals
MT	Metric Tonnes
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
MV-2035	Mombasa Vision 2035
NDA	Net Domestic Assets
NFA	Net Foreign Assets
OSR	Own Source Revenue
PERs	Public Expenditure Review
PFM	Public Financial Management
PPP	Public Private Partnership
SBP	Single Business Permit
SGR	Standard Gauge Railway
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 30<sup>th</sup> 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, 2022/23 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 2023/24 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 2023 BROF 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 2022/23 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 2023 Budget Policy Statement. It also presents macroeconomic projections and the sector ceilings for the FY 2024/25 and the medium-term budget as well as information on variations from the projections outlined in the 2023 Budget Policy Statement.

The 2023 CBROF is the first to be prepared under the Kenya Kwanza Government and sets out the priority programs, policies and reforms of the Administration that will be implemented in the Medium-Term Expenditure Framework (MTEF). It presents the Bottom-Up Economic Transformation Agenda geared towards economic turnaround and inclusive growth. The document is framed against a backdrop of global economic slowdown occasioned by the ongoing Russia-Ukraine conflict, elevated global inflation, lingering effects of the COVID-19 pandemic, persistent supply chain disruptions and the food security and climate effects.

In the context of these challenging times, Kenya's economy remains resilient with an impressive economic performance of 7.6 percent in 2021 largely on rebound from negative growth the previous year on account of bold economic policies and structural reforms as well as sound economic management implemented overtime. However, the momentum has been slowed again by the Russia-Ukraine conflict that has disrupted global trade through increased fuel, fertilizer and food prices. For the first time in five years, inflation rate in Kenya is above the Government target range mainly driven by supply side constraints occasioned by external shocks.

Aside from these shocks, the Kenyan economy is confronted by various bottlenecks including: recurrent drought affecting agricultural productivity; declining manufacturing productivity; skewed access to finance for business and development; rigidities in business regulatory framework; weak governance; and fiscal risks including pension's liabilities, stalled public projects, pending bills; and high debt service that has hindered the economy from achieving its full potential.

The need to address these challenges, bolster resilience while building on successes realized overtime forms the basis of the Kenya Kwanza Government's Bottom-Up Economic Transformation Agenda. The Agenda is geared towards economic turnaround and inclusive growth. Special focus will be placed on increased employment, more equitable distribution of income, social security while also expanding the tax revenue base, and increased foreign exchange earnings.

The priority programmes are classified under two categories; core pillars and the enablers which aim at creation of a conducive business environment for socio economic transformation. Under the core pillars, the Government seeks to increase investments in five sectors envisaged to have the biggest impact on the economy as well as on household welfare. These include: Agricultural Transformation; Micro, Small and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry. To make these programmes feasible, the Government will implement strategic interventions under the following key enablers: Infrastructure; Manufacturing; Blue Economy; the Services Economy, Environment and Climate Change; Education and Training; Women Agenda; Youth Empowerment and Development Agenda; Social Protection; Sports, Culture and Arts; and Governance.

The document also provides an overview of how the actual performance of the FY 2022/23 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 2023 Budget Policy Statement.

Through the various priority economic policies, structural reforms, fiscal consolidation plan and sectoral expenditure programs outlined in this 2023 BPS, the Government is taking determined steps to address these challenges, bolster resilience to shock as part of the strategy for socio-economic transformation and inclusive growth. Over the medium term, the Government through the Fourth Medium-Term Plan (2023-2027) will prioritize implementation of economic recovery strategies to re-position the economy on a steady and sustainable growth trajectory.

## I. INTRODUCTION

1. The law requires CBROP to present the fiscal outcome for the previous financial year and to state how this outcome affects the financial objectives contained in that year's CFSP. In line with the law, this CBROP contains a review of the fiscal performance of the financial year 2022/23, updated macroeconomic forecast, and deviations from the Fiscal Strategy Paper February 2023.
2. The objective of the CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles set out in the Fiscal Strategy Paper (CFSP). This together with updated macroeconomic outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget and the medium term. Details of the fiscal framework and the medium-term policy priorities will be firmed up in the next Budget Policy Statement (BPS).
3. The CBROP is a key document in linking policy, planning and budgeting. This is the last CBROP which is implementing the County Integrated Development Plan (CIDP) 2018-2022, which has been through the subsequent Annual Development Plan's.
4. The PFM Act has set high standards for compliance with the Medium-Term Expenditure Framework (MTEF) budgeting process. Therefore, it is expected that the sector ceilings for the Third Year of the MTEF provided in the previous CFSP will form the indicative baseline sector ceilings for the next budget of 2024/25. However, following the fiscal outcome of 2022/23 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 2022/23

6. This section is meant to review how the actual financial performance for the 2022/23 financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP for that financial year.
7. In line with the Constitution, the Public Financial Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law (Section 15) states that:
  - a) Over the medium term, a minimum of 30% of the budget shall be allocated to development expenditure.
  - b) The Government's expenditure on wages and benefits for public officers shall not exceed a percentage of the Government revenue as prescribed by the regulations (35%) as per the Public Finance Management Regulations 2015.
  - c) Over the medium term, the Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
  - d) Public debt and obligations shall be maintained at a sustainable level as approved by County Assembly (CA)
  - e) Fiscal risks shall be managed prudently
  - f) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

## III. OVERVIEW

8. The fiscal performance in 2022/23 had an improvement in Own Source Revenue collection with a stagnant equitable share disbursement and a dwindling donor funding. The County was able to realize Kshs. 12,232,779,655 which translates to 89 percent of the supplementary budget of Kshs 14,000,000,000. In view of the above the County had a 11 percent budget deficit of Kshs. 1,767,220,345.
9. From the County Revenue 2022/23 analysis, the actual revenue by category was below the projection in the budget estimate; with OSR amounting to Kshs. 3,998,628,848, equitable share of Kshs. 7,567,354,061 and conditional grants by development partners amounting to Kshs. 666,796,746.
10. There was an 11 percent increase in the fiscal performance with an increase of Ksh. 684,096,670 in own source revenue, 100 percent disbursement of the equitable share with the conditional grants performing dismally with only 51% of the budgeted and allocated grants being disbursed

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

11. On budget absorption, the County was able to absorb Kshs. 12,506,371,206 which translates to 89 percent of the supplementary budget of Kshs 14,000,000,000 amounting to recurrent expenditure of Kshs. 10,885,753,214 and development expenditure of Kshs 1,653,043,985 out of the budgeted amount. In view of the above the County had a 11 percent budget deficit of Kshs. 1,493,628,794.

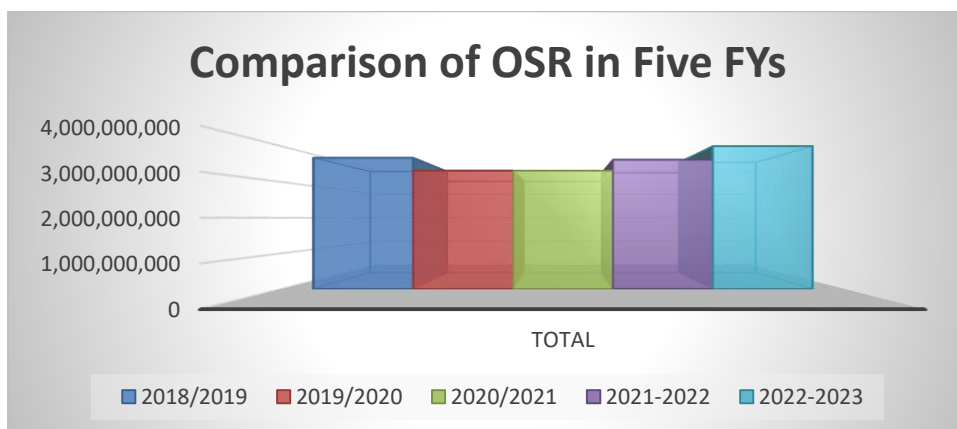
#### IV. FISCAL PERFORMANCE FOR 2022/2023

##### LOCAL REVENUE

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

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

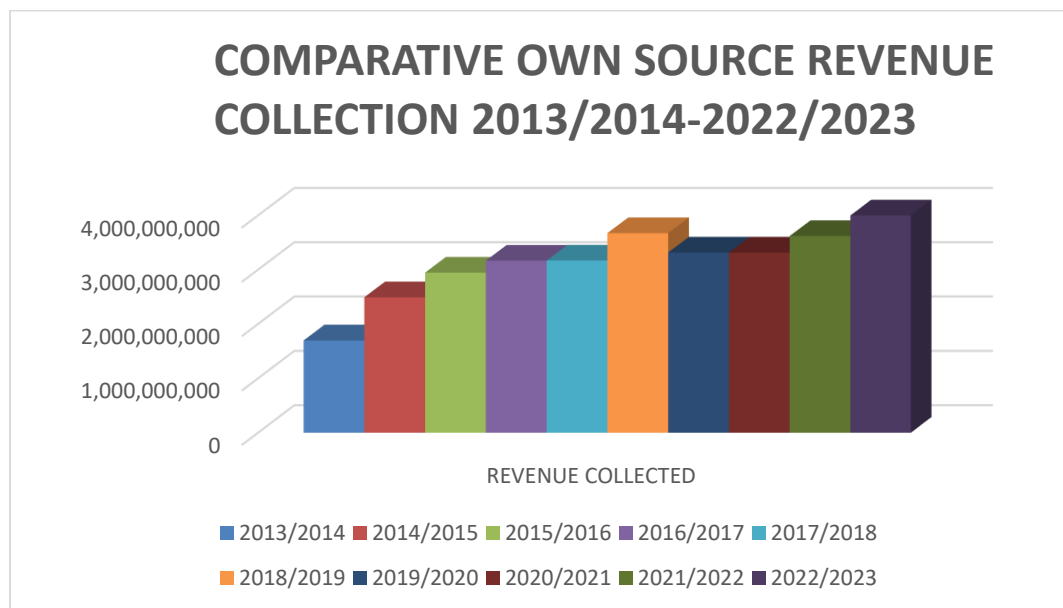
Figure 1: Comparison of OSR in Five FYs



**Table 2: Analysis of Total Own Source Revenue Collection 2013/2014- 2022/2023**

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

**Figure 2: Analysis of OSR from 2013/14- 2022/23**





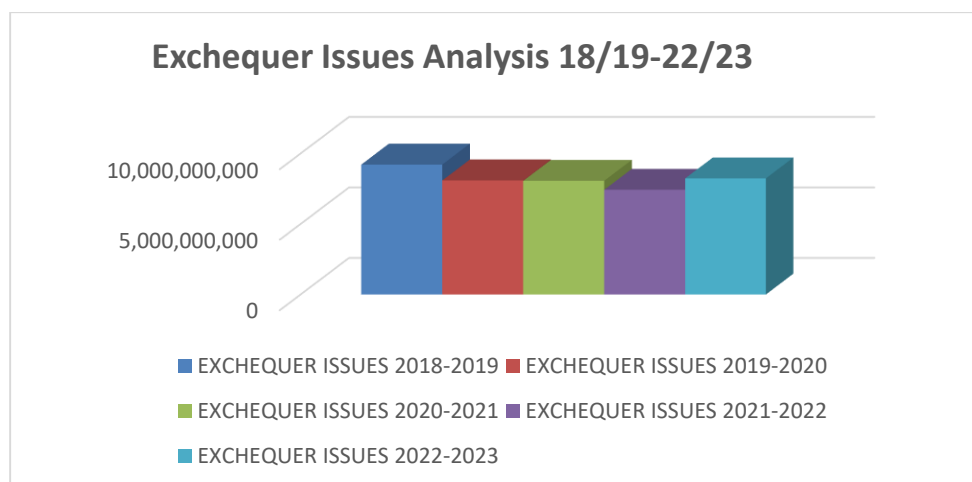
## EXCHEQUER ISSUES

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

**Table 3: Actual Monthly Exchequer Issues Over Five Financial Years 2018/2019– 2022/2023**

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

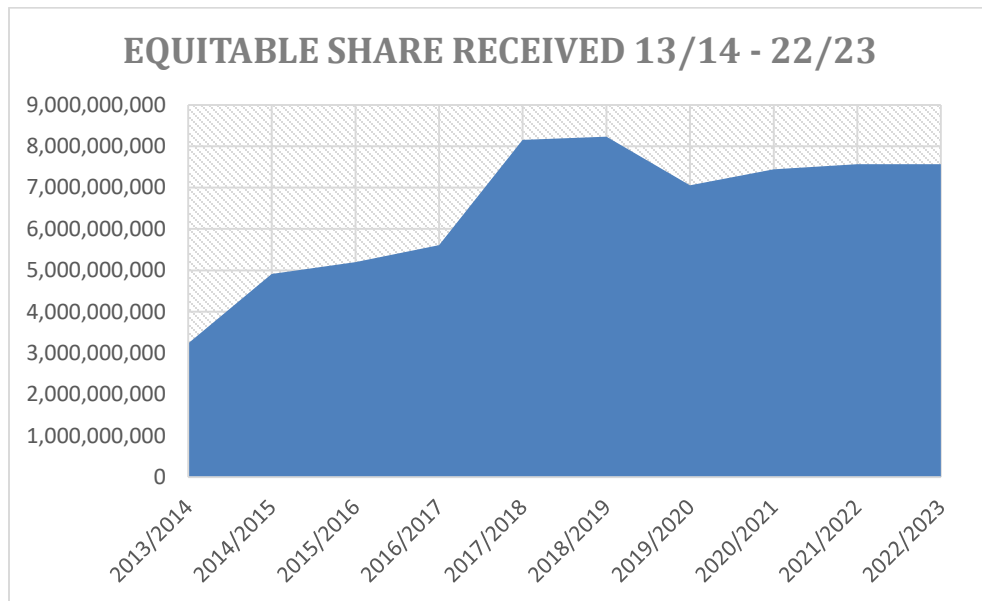
**Figure 3: Exchequer Issues From 2018/2019 – 2022/2023 FYs**



**Table 4: Analysis of Total Equitable Share Disbursements from 2013/2014- 2022/2023**

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

**Figure 4: Analysis of Equitable Share from 2013/14- 2022/23**



## GRANTS ALLOCATED

Table 5: Analysis of Grants Allocated and Disbursed from 2018/19 – 2022/23

GRANTS DISBURSED TO THE COUNTY						
Grant Details	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	Total
Level 5 Hospital Grant	388,439,306	388,439,306	388,439,308	-	-	1,165,317,920
User Fees Forgone	23,385,934	23,385,934	23,385,934	-	-	70,157,802
DANIDA	27,337,500	24,562,500	20,070,000	41,990,166	-	113,960,166
World Bank-KDSP Level I	-	30,000,000	45,000,000	-	-	75,000,000
World Bank KDSP Level II	259,416,946	-	-	201,635,625	-	461,052,571
World Bank – Health Grant	-	-	-	-	-	0
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	-	570,120,196	1,045,926,270
Covid 19 Fund	-	100,168,000	-	-	-	100,168,000
Development of Youth Polytechnics	-	25,473,298	18,484,894	-	-	43,958,192
Agriculture Sector Support Program II	6,937,481	9,437,481	10,250,771	-	4,612,847	31,238,580
Road Maintenance Levy Grant	255,997,699	150,258,446	218,916,458	221,681,742	-	846,854,345
Kenya Informal Settlement Improvement Project (KISIP)	-	-	-	-	92,063,703	92,063,703
<b>Total</b>	<b>988,988,577</b>	<b>1,032,493,923</b>	<b>1,004,764,762</b>	<b>465,307,533</b>	<b>666,796,746</b>	<b>4,158,351,541</b>

## COUNTY DEPARTMENTAL EXPENDITURE

13. The figures and tables below illustrate the County's departmental utilization of funds both in development and recurrent. They present the fiscal performance for the FY 2022/23 and the deviations from the Original and Revised budget estimates.

**Table 6: Departmental %Age 2022-2023 Recurrent expenditure**

S/NO	DEPARTMENTS	Approved Budget FY 2022/2023	Final Budget FY 2022/2023	Expenditure Total	%age
3011	The Executive	360,000,000	215,246,289	124,230,114	57.7
3012	County Assembly	859,000,000	874,783,020	809,459,880	92.5
3013	Public Service Board	130,000,000	78,618,480	84,163,570	107.1
3014	Finance and Economic Planning	594,483,999	889,649,083	1,106,590,891	124.4
3015	Energy, Environment and Waste Management	615,000,000	527,908,467	598,161,689	113.3
3016	Education, Information Technology and Mv. 2035	627,516,000	384,576,033	449,490,369	116.9
3017	Health	3,255,000,000	3,156,212,932	5,264,762,535	166.8
3018	Water, Environment and Natural Resources	130,000,000	48,007,492	50,488,867	105.2
3019	Youth, Gender, Sports and Cultural Affairs	260,000,000	123,366,425	112,549,636	91.2
3020	Trade, Tourism and Investments	450,000,000	360,060,797	386,913,721	107.5
3021	County Planning, Land and Housing	270,000,000	149,766,503	262,244,601	175.1
3022	Transport, Infrastructure and Public Works	594,000,000	505,821,927	565,040,350	111.7
3023	Agriculture, Fisheries, Livestock and Co-Operatives	235,000,000	136,403,848	170,696,746	125.1
3026	Devolution and Public Service Administration	920,000,000	2,417,990,997	900,960,245	37.3
	<b>TOTAL</b>	<b>9,300,000,000</b>	<b>9,868,412,293</b>	<b>10,885,753,214</b>	<b>110</b>

**Table 7: 2022/2023 Departmental Development Expenditure**

S/NO	DEPARTMENTS	Approved Budget FY 2022/2023	Final Budget FY 2022/2023	Expenditure TOTAL	%age
3011	County Executive	25,000,000	16,984,500	10,581,820	62%
3012	County Assembly	30,000,000	30,000,000	-	0%
3013	Public Service Board	20,000,000	20,000,000	3,640,050	18%
3014	Finance & Economic Planning	300,000,000	585,294,434	248,990,804	43%
3015	Energy, Environment & Waste Management	430,000,000	326,055,395	71,612,357	22%
3016	Education, Information Technology & MV 2035	300,000,000	300,000,000	53,561,135	18%
3017	Health Services	149,000,000	190,255,089	12,547,397	7%
3018	Water, Sanitation & Natural Resources	1,000,000,000	625,000,000	591,779,862	95%
3019	Youth, Gender, Sports and Cultural Affairs	500,000,000	500,000,000	34,132,607	7%
3020	Trade, Tourism & Investment	380,000,000	379,451,561	46,668,502	12%
3021	Lands, Housing and Physical Planning	400,000,000	280,576,556	27,576,821	10%
3022	Transport, Infrastructure and Public Works	526,000,000	535,420,450	494,929,532	92%
3023	Agriculture, Fisheries, Livestock and Co-operatives	250,000,000	252,549,719	22,822,883	9%
3026	Devolution & Public Service Administration	90,000,000	90,000,000	4,562,309	5%
	<b>TOTAL</b>	<b>4,400,000,000</b>	<b>4,131,587,704</b>	<b>1,623,043,985</b>	<b>39%</b>

**Table 8: 2022/2023 Total Departmental Expenditure**

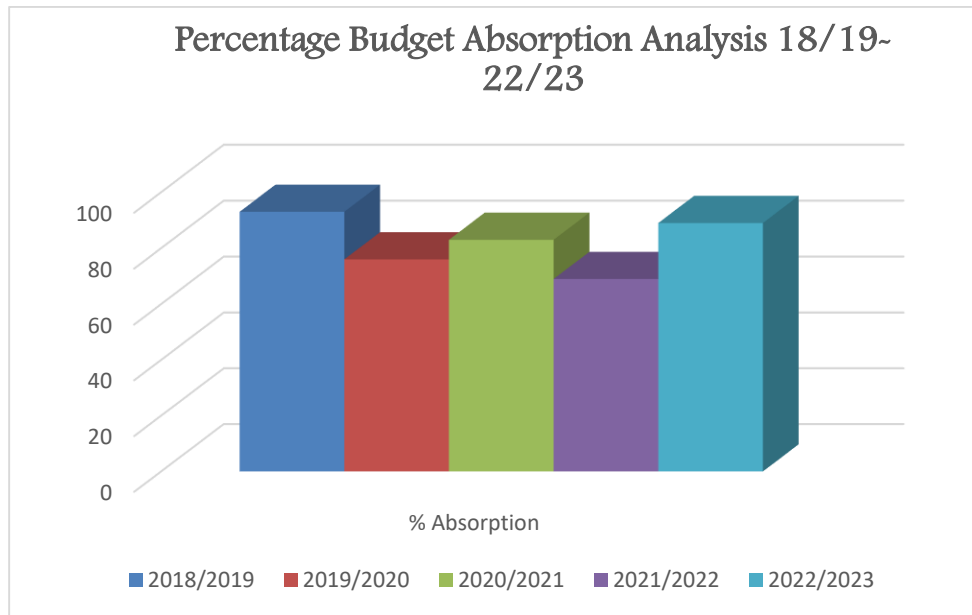
	DEPARTMENTS	Approved Budget FY 2022/2023	Final Budget FY 2022/2023	Total Expenditure	%age
3011	County Executive	385,000,000	232,230,789	134,811,934	58.1
3012	County Assembly	889,000,000	904,783,020	809,459,880	89.5
3013	Public Service Board	150,000,000	98,618,480	87,803,620	89.0
3014	Finance & Economic Planning	894,484,000	1,474,943,517	1,355,581,695	91.9
3015	Energy, Environment & Waste Management	1,045,000,000	853,963,862	669,774,046	78.4
3016	Education, Information Technology & MV 2035	927,516,000	684,576,033	503,051,504	73.5
3017	Health Services	3,404,000,000	3,346,468,021	5,277,309,931	157.7
3018	Water, Sanitation & Natural Resources	1,130,000,000	673,007,492	642,268,728	95.4
3019	Youth, Gender, Sports and Cultural Affairs	760,000,000	623,366,425	146,682,243	23.5
3020	Trade, Tourism & Investment	830,000,000	739,512,358	430,794,137	58.3
3021	Lands, Housing and Physical Planning	670,000,000	430,343,059	289,821,422	67.3
3022	Transport, Infrastructure and Public Works	1,120,000,000	1,041,242,377	1,059,969,882	101.8
3023	Agriculture, Fisheries, Livestock and Co-operatives	485,000,000	388,953,567	193,519,629	49.8
3026	Devolution and Public Service Administration	1,010,000,000	2,507,990,997	905,522,554	36.1
	<b>TOTAL</b>	<b>13,700,000,000</b>	<b>14,000,000,000</b>	<b>12,506,371,205</b>	<b>89.3</b>

### Growth of Executive Expenditure from 2018/2019-2022/2023

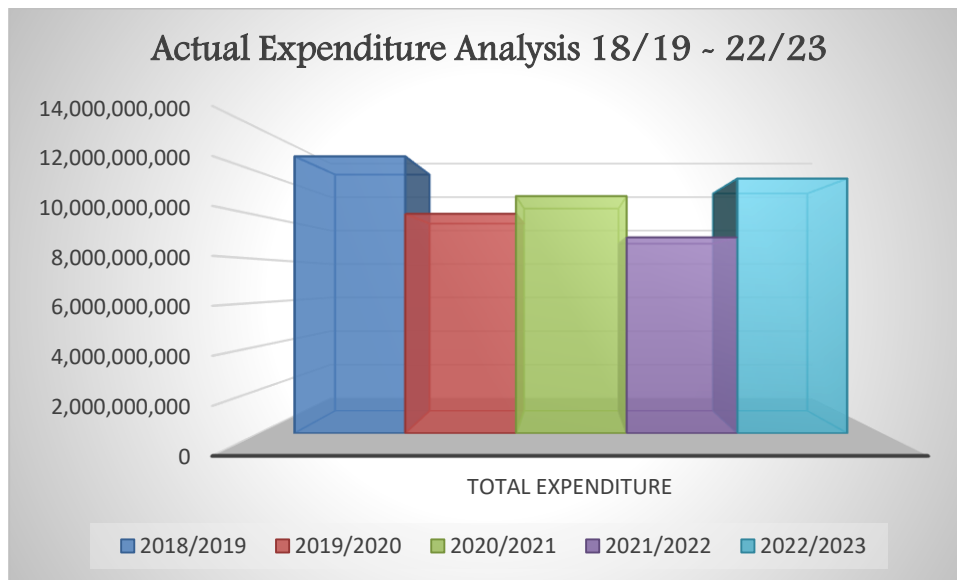
**Table 9: Analysis of Executive Expenditure from 2018/2019-2022/2023**

S NO.	DEPARTMENTS	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
3011	County Executive	367,868,652	170,907,637	134,579,861	124,868,359	134,811,934
3013	Public Service Board	82,182,927	42,223,122	57,481,487	53,739,218	87,803,620
3014	Finance & Economic Planning	2,724,996,907	1,929,435,855	1,674,353,623	1,661,433,513	1,355,581,695
3015	Environment, Waste Management and Energy	737,985,956	507,605,972	581,863,283	541,024,948	669,774,046
3016	Education, Information Technology & MV 2035	452,661,776	429,302,668	553,209,274	208,472,630	503,051,504
3017	Health Services	3,242,469,680	3,261,210,911	3,166,401,627	2,067,494,451	5,277,309,931
3018	Water, Sanitation & Natural Resources	68,635,562	282,665,964	333,232,081	236,462,366	642,268,728
3019	Youth, Gender, Sports & Cultural Affairs	280,429,106	181,268,380	454,099,872	303,179,857	146,682,243
3020	Trade, Tourism & Investment	486,693,687	286,680,390	450,113,691	366,410,252	430,794,137
3021	Lands, Housing & Physical Planning	311,766,515	214,961,915	487,982,311	242,381,419	289,821,422
3022	Transport & Infrastructure & Public Works	2,017,723,065	1,239,171,000	1,121,356,757	889,900,518	1,059,969,882
3023	Agriculture, Fisheries, Livestock & Cooperatives	325,189,634	141,925,916	175,574,698	126,438,905	193,519,629
3026	Devolution & Public Service Administration	1,621,225,848	1,389,053,177	1,107,593,596	2,172,829,629	905,522,554
	<b>Total Expenditure</b>	<b>12,719,829,315</b>	<b>10,076,412,906</b>	<b>10,889,466,230</b>	<b>8,994,636,065</b>	<b>11,696,911,326</b>
	<b>Budgeted</b>	<b>13,689,901,837</b>	<b>12,925,617,143</b>	<b>13,066,172,243</b>	<b>13,120,745,608</b>	<b>13,095,216,980</b>
	<b>% Absorption</b>	<b>93</b>	<b>76</b>	<b>83</b>	<b>69</b>	<b>89.3</b>

**Figure 5: Percentage Budget Absorption 2018/19 – 2022/23**



**Figure 6: Actual Expenditure Analysis 2018/19 – 2022/23**



## Mombasa County Budget Expenditure by Programmes, FY 2022/23

Table 10: Expenditure by Programmes 2022/2023

Departmental Programmes	Expenditure	Original Budget FY 2022/2023	Final Budget FY 2022/2023	Actual Expenditure	% Budget Utilization
<b>3011: THE EXECUTIVE</b>					
Governor's Affairs & Advisory Services	RECURRENT	160,000,000	92,888,531	78,964,365	85%
	DEVELOPMENT	0	1,984,500	0	0%
Deputy Governor's Affairs & External Relations	RECURRENT	54,000,000	35,502,588	21,055,001	59%
	DEVELOPMENT	36,000,000	15,000,000	3,959,767	26%
Cabinet Affairs, Policy Research and Legal Services	RECURRENT	78,500,000	62,490,410	23,453,442	38%
	DEVELOPMENT	2,000,000	0	0	0%
MV 2035 & E-Government	RECURRENT	18,000,000	9,255,260	2,229,840	24%
	DEVELOPMENT	0	0	0	
Strategic Delivery Unit	RECURRENT	24,500,000	15,109,500	5,149,519	34%
	DEVELOPMENT	12,000,000	0	0	
<b>Total</b>		<b>385,000,000</b>	<b>232,230,789</b>	<b>134,811,934</b>	<b>58.1%</b>
<b>3013: COUNTY PUBLIC SERVICE BOARD</b>					
Administration Unit	RECURRENT	122,491,500	78,618,480	84,163,570	107%
	DEVELOPMENT	27,508,500	20,000,000	3,640,050	18%
<b>Total</b>		<b>150,000,000</b>	<b>98,618,480</b>	<b>87,803,620</b>	<b>89.0%</b>
<b>3014: FINANCE AND ECONOMIC PLANNING</b>					
Administration Unit	RECURRENT	305,076,755	845,455,584	1,061,656,947	126%
	DEVELOPMENT	520,246,592	574,334,432	246,966,528	43%
Accounting Unit	RECURRENT	24,150,000	20,172,958	27,361,361	136%
	DEVELOPMENT	6,000,000	990,000	1,049,379	106%
Planning and Monitoring Unit	RECURRENT	27,010,654	24,020,542	17,572,583	73%
	DEVELOPMENT	12,000,000	9,970,002	974,897	10%
<b>Total</b>		<b>894,484,000</b>	<b>1,474,943,517</b>	<b>1,355,581,695</b>	<b>91.9%</b>

Departmental Programmes	Expenditure	Original Budget FY 2022/2023	Final Budget FY 2022/2023	Actual Expenditure	% Budget Utilization
<b>3015: ENERGY, ENVIRONMENT &amp; WASTE MANAGEMENT</b>					
Administration, Planning and Support Services	RECURRENT	478,734,748	455,706,790	552,439,698	121%
	DEVELOPMENT	90,500,000	69,055,395	47,955,478	69%
Energy	RECURRENT	5,239,000	4,476,966	4,090,106	91%
	DEVELOPMENT	70,000,000	70,000,000	20,289,569	29%
Environmental Management and Protection	RECURRENT	61,460,000	38,523,327	27,783,687	72%
	DEVELOPMENT	65,500,000	60,000,000	3,367,310	6%
Solid Waste Management	RECURRENT	38,327,252	25,003,986	13,848,199	55%
	DEVELOPMENT	55,000,000	55,000,000	0	0%
Climate Change	RECURRENT	130,239,000	4,197,398	0	0%
	DEVELOPMENT	50,000,000	72,000,000	0	0%
<b>Total</b>		<b>1,045,000,000</b>	<b>853,963,862</b>	<b>669,774,046</b>	<b>78.4%</b>
<b>3016: EDUCATION, INFORMATION TECHNOLOGY &amp; MV 2035</b>					
General Administration, Planning and Support Services	RECURRENT	337,558,574	285,759,386	360,948,824	126%
	DEVELOPMENT	12,067,426	0	1,765,883	0%
Education headquarters	RECURRENT	11,200,000	6,881,600	5,175,354	75%
	DEVELOPMENT	93,000,000	93,000,000	10,201,448	11%
Childcare	RECURRENT	8,500,000	5,000,000	3,054,400	61%
	DEVELOPMENT	109,000,000	109,000,000	14,651,370	13%
Elimu Fund	RECURRENT	211,890,000	76,694,375	74,169,894	97%
	DEVELOPMENT	0	0	0	0%
Information Technology	RECURRENT	30,000,000	10,240,672	6,141,897	60%
	DEVELOPMENT	114,300,000	98,000,000	26,942,434	27%
<b>Total</b>		<b>927,516,000</b>	<b>684,576,033</b>	<b>503,051,504</b>	<b>73.5%</b>



Departmental Programmes	Expenditure	Original Budget FY 2022/2023	Final Budget FY 2022/2023	Actual Expenditure	% Budget Utilization
<b>3017: HEALTH SERVICES</b>					
Administration Unit	RECURRENT	2,907,650,587	2,996,724,514	5,163,963,296	172%
	DEVELOPMENT	126,690,628	149,363,337	12,000,000	8%
Curative/Clinical Health Services	RECURRENT	182,273,099	57,204,086	36,242,437	63%
	DEVELOPMENT	49,516,083	32,201,744	547,397	2%
Preventive and Promotive Services Unit	RECURRENT	77,459,683	32,876,348	3,051,052	9%
	DEVELOPMENT	8,613,000	5,853,000	0	0%
Special Programs	RECURRENT	48,179,420	69,407,985	61,505,750	89%
	DEVELOPMENT	3,617,500	2,837,008	0	0%
<b>Total</b>		<b>3,404,000,000</b>	<b>3,346,468,021</b>	<b>5,277,309,931</b>	<b>158%</b>
<b>3018: WATER, SANITATION &amp; NATURAL RESOURCES</b>					
Administration unit	RECURRENT	92,670,000	43,038,492	45,241,418	105%
	DEVELOPMENT	970,900,000	575,000,000	590,025,456	103%
Sanitation/Sewerage Services Headquarters	RECURRENT	1,750,000	25,000	98,276	393%
	DEVELOPMENT	27,000,000	27,000,000	1,754,406	6%
Water Supply Headquarters	RECURRENT	7,450,000	4,944,000	5,042,276	102%
	DEVELOPMENT	13,000,000	13,000,000	0	0%
Natural Resources	RECURRENT	7,230,000	0	106,897	0%
	DEVELOPMENT	10,000,000	10,000,000	0	0%
<b>Total</b>		<b>1,130,000,000</b>	<b>673,007,492</b>	<b>642,268,728</b>	<b>95.4%</b>
<b>3019: YOUTH, GENDER, SPORTS AND CULTURAL AFFAIRS</b>					
Administration Unit	RECURRENT	105,891,660	76,477,740	94,386,123	123%
	DEVELOPMENT	2,500,000	0	2,211,500	0%
Youth Empowerment	RECURRENT	40,880,003	6,432,310	3,199,107	50%
	DEVELOPMENT	11,500,000	10,000,000	0	0%
Gender Affairs and Disability Mainstreaming	RECURRENT	37,000,000	10,663,475	7,166,019	67%
	DEVELOPMENT	40,000,000	40,000,000	710,219	2%

Departmental Programmes	Expenditure	Original Budget FY 2022/2023	Final Budget FY 2022/2023	Actual Expenditure	% Budget Utilization
Sports development	RECURRENT	34,100,000	14,047,900	6,019,593	43%
	DEVELOPMENT	440,000,000	440,000,000	31,210,888	7%
Cultural Affairs	RECURRENT	30,500,000	12,965,800	1,778,793	14%
	DEVELOPMENT	0	0	0	0%
Public Recreation and Entertainment	RECURRENT	7,628,337	2,779,200	0	0%
	DEVELOPMENT	10,000,000	10,000,000	0	0%
<b>Total</b>		<b>760,000,000</b>	<b>623,366,425</b>	<b>146,682,243</b>	<b>23.5%</b>
<b>3020: TRADE, TOURISM &amp; INVESTMENT</b>					
Administration Unit	RECURRENT	335,745,978	309,120,281	371,808,349	120%
	DEVELOPMENT	0	0	3,289,422	0%
Trade Development	RECURRENT	33,787,810	13,784,870	6,079,334	44%
	DEVELOPMENT	130,000,000	130,000,000	4,992,451	4%
Development of Tourism	RECURRENT	35,259,133	16,884,711	2,936,483	17%
	DEVELOPMENT	199,943,064	199,943,064	10,297,967	5%
Investment Promotion and Products Headquarters	RECURRENT	33,105,082	13,598,655	0	0%
	DEVELOPMENT	40,000,000	39,764,864	0	
Ease of Doing Business-Headquarters	RECURRENT	12,101,997	6,672,280	3,301,470	49%
	DEVELOPMENT	10,056,936	9,743,633	28,088,662	288%
<b>Total</b>		<b>830,000,000</b>	<b>739,512,358</b>	<b>430,794,137</b>	<b>58.3%</b>
<b>3021: LANDS, HOUSING AND PHYSICAL PLANNING</b>					
Administration Unit	RECURRENT	197,083,825	134,511,885	253,195,013	188%
	DEVELOPMENT	19,576,556	16,576,556	5,818,819	4%
Land Management Unit	RECURRENT	21,566,175	5,382,300	4,055,322	75%
	DEVELOPMENT	2,000,000	2,000,000	0	0%
Physical planning	RECURRENT	4,650,000	1,530,000	0	0%
	DEVELOPMENT	83,000,000	81,000,000	21,317,507	26%
Housing Development Unit	RECURRENT	14,350,000	2,281,800	1,093,153	48%

Departmental Programmes	Expenditure	Original Budget FY 2022/2023	Final Budget FY 2022/2023	Actual Expenditure	% Budget Utilization
	DEVELOPMENT	31,000,000	31,000,000	440,495	1%
Urban Renewal	RECURRENT	27,350,000	6,060,518	3,901,113	64%
	DEVELOPMENT	269,423,444	150,000,000	0	0%
<b>Total</b>		<b>670,000,000</b>	<b>430,343,059</b>	<b>289,821,422</b>	<b>67.3%</b>
<b>3022: TRANSPORT, INFRASTRUCTURE &amp; PUBLIC WORKS</b>					
Administration Unit	RECURRENT	430,992,272	447,745,604	532,632,328	119%
	DEVELOPMENT	0	0	0	0%
Road and Transport Unit	RECURRENT	24,202,430	10,157,319	5,948,016	59%
	DEVELOPMENT	450,700,000	460,012,233	450,025,664	98%
Works Unit	RECURRENT	6,950,000	7,979,935	6,897	0%
	DEVELOPMENT	12,800,000	0	3,151,837	0%
Transport Planning, Management and Safety	RECURRENT	31,780,298	956,200	4,678,614	489%
	DEVELOPMENT	7,000,000	5,408,217	491,379	9%
Mechanical Services	RECURRENT	60,575,000	32,166,285	24,870,087	77%
	DEVELOPMENT	8,800,000	6,000,000	1,401,793	23%
Safety, Risk Management and Rescue Services	RECURRENT	21,200,000	6,816,584	1,697,616	25%
	DEVELOPMENT	65,000,000	64,000,000	35,065,650	55%
<b>Total</b>		<b>1,120,000,000</b>	<b>1,041,242,377</b>	<b>1,059,969,882</b>	<b>101.8%</b>
<b>3023: AGRICULTURE, FISHERIES, LIVESTOCK AND CO-OPERATIVES</b>					
Administration Unit-Headquarters	RECURRENT	157,140,832	114,516,263	163,082,471	142%
	DEVELOPMENT	0	12,373,819	0	0%
Crop Management Unit	RECURRENT	25,076,858	7,586,220	4,829,646	64%
	DEVELOPMENT	85,000,000	84,995,900	6,381,283	8%
Livestock Unit	RECURRENT	14,706,256	4,401,528	2,232,799	51%
	DEVELOPMENT	57,000,000	57,000,000	0	0%
Fisheries Unit-Headquarters	RECURRENT	15,774,916	5,266,100	18,914	0%

Departmental Programmes	Expenditure	Original Budget FY 2022/2023	Final Budget FY 2022/2023	Actual Expenditure	% Budget Utilization
	DEVELOPMENT	57,000,000	51,180,000	10,641,600	21%
Veterinary Services	RECURRENT	16,189,045	2,492,022	44,666	2%
	DEVELOPMENT	35,000,000	35,000,000	5,800,000	17%
Cooperatives	RECURRENT	10,112,093	2,141,715	488,249	23%
	DEVELOPMENT	12,000,000	12,000,000	0	0%
<b>Total</b>		<b>485,000,000</b>	<b>388,953,567</b>	<b>193,519,629</b>	<b>49.8%</b>
<b>3026: DEVOLUTION &amp; PUBLIC SERVICE ADMINISTRATION</b>					
Administration	RECURRENT	751,881,613	2,326,258,864	842,027,472	36%
	DEVELOPMENT	13,000,000	10,000,000	1,240,013	12%
Devolution and public service administration	RECURRENT	20,136,398	57,770,050	1,475,600	3%
	DEVELOPMENT	500,000	0	284,483	0%
County Administration and Decentralized Services	RECURRENT	33,972,796	9,821,471	6,210,275	63%
	DEVELOPMENT	49,500,000	46,000,000	303,448	1%
Public Service Reforms and Delivery	RECURRENT	72,909,194	8,591,398	45,349,181	528%
	DEVELOPMENT	0	0	0	0%
Compliance and Enforcement	RECURRENT	31,100,000	15,549,214	5,897,718	38%
	DEVELOPMENT	37,000,000	34,000,000	2,734,366	8%
<b>Total</b>		<b>1,010,000,000</b>	<b>2,507,990,997</b>	<b>905,522,554</b>	<b>36.1%</b>
<b>3010-MOMBASA COUNTY EXECUTIVE</b>		<b>12,811,000,000</b>	<b>13,095,216,980</b>	<b>11,696,911,326</b>	<b>89.3%</b>
<b>3012 COUNTY ASSEMBLY</b>		<b>889,000,000</b>	<b>904,783,020</b>	<b>809,459,880</b>	<b>89.5%</b>
<b>MOMBASA COUNTY CONSOLIDATED</b>		<b>13,700,000,000</b>	<b>14,000,000,000</b>	<b>12,506,371,206</b>	<b>89.3%</b>

From the expenditure analysis, two departments achieved more than 100% with the health sector having the highest expenditure (158%), and Transport, Infrastructure & Public Works (102%). The lowest in expenditure was Youth, Gender, Sports and Cultural Affairs at (23.5%) and Devolution and Public Administration (36.1%) being below the 50% mark in expenditure.

## DETAILED REVENUE ANALYSIS

Table 11: Total Exchequer Issues 2022-2023

Revenue Item	Annual Budgeted	Total Receipt	Percentage
Equitable share	7,567,354,061	7,567,354,061	100
<b>GRANTS</b>			
Agriculture Sector Support Program II	8,847,410	4,612,847	52.1
DANIDA	14,874,100	-	0
Finance Locally - Led Climate Action Program (FLOCA)	125,000,000	-	0
World Bank - Kenya Informal Settlement Improvement Project (KISIP)	219,423,444	92,063,703	42.0
Water & Sanitation Development Program – World Bank Fund	950,000,000	570,120,196	60.0
<b>Total Grants</b>	<b>1,318,144,954</b>	<b>666,796,746</b>	<b>50.6</b>
<b>Total Exchequer Issues</b>	<b>8,885,499,015</b>	<b>8,234,150,807</b>	<b>92.7</b>

Table 12: Total Local Revenue Collected 2022-2023

	FY 2022-2023
	Kshs
<b>RECEIPTS</b>	
Other Property Income-Rates	780,409,047
Receipts from Administrative Fees and Charges	630,893,659
Business Permits / Cess	569,347,147
Plot Rents	6,027,489
Market/Trade Centre fees	38,450,658
Vehicle Parking Fees	564,203,182
Housing	20,548,837
Environment and Conservancy Administration	144,799,893
Education Related Fees	1,865,000
Other Health and Sanitation Revenues	1,236,990,806
Fines Penalties and Forfeitures	5,093,130
<b>TOTAL</b>	<b>3,998,628,848</b>

**Table 13: Local Revenue Analysis Detailed 2022/2023**

<b>REVENUE.</b>	<b>ANNUAL BUDGETED 2022-2023 KSHS.</b>	<b>GRAND TOTALS 2022-2023 KSHS.</b>	<b>% Collection</b>
<b>COUNTY EXECUTIVE</b>			
Land Rates Current Year	0	726,952,780	0
Land Rates Penalties	10,706,639	0	0
Land Rates Other Years	951,242,723	53,456,267	6
Administration Cost	1,376,131	0	0
<b>Other Property Income</b>	<b>963,325,492</b>	<b>818,647,301</b>	<b>85</b>
Document Search Fee	203,472	0	0
Sales of County's Minutes / Bylaws	914	0	0
Valuation & Survey Fees	42,492,786	0	0
Ground Rent current Year	0	514,715	0
Plot Transfer Fee	2,147,884	54,400	3
Consent to Sub Lease	541,557	0	0
Technical Division	52,593	10,000	19
Beacon Search pointing Fee	105,842	37,500	35
Survey Fee	2,808,845	150,000	5
Subdivision & Consolidation Fees	22,083,901	245,000	1
Change of User	6,703,317	80,000	1
Temporary Occupation License (TOL)	0	102,000	0
Impounding charges	75,436	0	0
Dog Licenses	39,287	0	0
Storage Fee	348,561	0	0
Training/Learning Center Fee	0	20,000	0
Debts Clearance Certificate Fee	13,705	0	0
Refund of Over Payment	446,517	88,050	20
Consent to Charge Fee/Property Certification Fee	0	1,000	0
Other Property Charges	5,867,749	131,500	2
Imprest	0	45,825	0
Sand, Gravel, and Ballast Extraction Fees	829,018,029	392,220,772	47
Incidental Charges	34,719	144,000	415
Tender Documents Sale	1,472,802	0	0
Hotel Levy	38,868,296	39,748,560	102
Stadium Hire	5,211,009	0	0
Social Hall Hire	8,754,495	2,329,200	27
Hire of County Grounds	356,327	154,000	43
Sewer Connection Charge	4,568	-	0

REVENUE.	ANNUAL BUDGETED 2022-2023 KSHS.	GRAND TOTALS 2022-2023 KSHS.	% Collection
<b>COUNTY EXECUTIVE</b>			
County Vehicles Hire	339,840	-	0
Fire Inspection Fees	15,713,114	1,500	0
Hearse Service Fees	0	2,000	0
Fire-Fighting Services	98,563,589	8,326,667	8
Hoarding & Scaffolding Charges	0	21,000	0
Land Scape Scheme	32,834,639	-	0
Buildings Plan Preparation Fee	1,568,233	2,625,932	167
Buildings Plan Approval Fee	125,064,218	183,226,538	147
Demolition of Structures	773,413	584,000	76
<b>Receipts from Administrative Fees and Charges</b>	<b>1,242,509,659</b>	<b>630,893,659</b>	<b>51</b>
Business Permits, Current Year	590,950,017	569,042,147	96
Business Permits, Other Years (Including Penalties)	1,520,123	0	0
Business Subletting / Transfer Fee	0	305,000	0
<b>Business Permits / Cess</b>	<b>592,470,140</b>	<b>569,347,147</b>	<b>96</b>
Plot Transfer Fee	17,360	47,600	274
Document Search Fee	3,829	15,000	392
Allottees Documents	33,764	3,000	9
Instalment Fee (HDD Scheme)	140,525	0	0
Annual Ground Rent (HDD Scheme)	2,933,126	3,459,676	118
Plots Charges (HDD Scheme)	16,206,075	2,502,213	15
Survey Fee	23,933	0	0
<b>Plot Rents</b>	<b>19,358,612</b>	<b>6,027,489</b>	<b>31</b>
<b>03020205 Mackinnon Market</b>			
Market Stalls Rent	3,021,961	-	0
Market Stalls Rent	1,586,352	-	0
<b>03020405 Mombasa Wholesale market</b>			
Market Entrance / Gate Fee	422,431,080	6,382,897	2
Market Stalls Rent (Rental store w/s mkt)	11,330,593	18,337,331	162
Off loading	3,136,615	77,535	2
Hawking Fee	22,977,126	13,652,895	59
<b>03020505 Magongo Market</b>			
Market Shops Rent	1,091,870	-	0
<b>03020605 Likoni Open Air Market</b>			
Market Stalls Rent	280,962	-	0



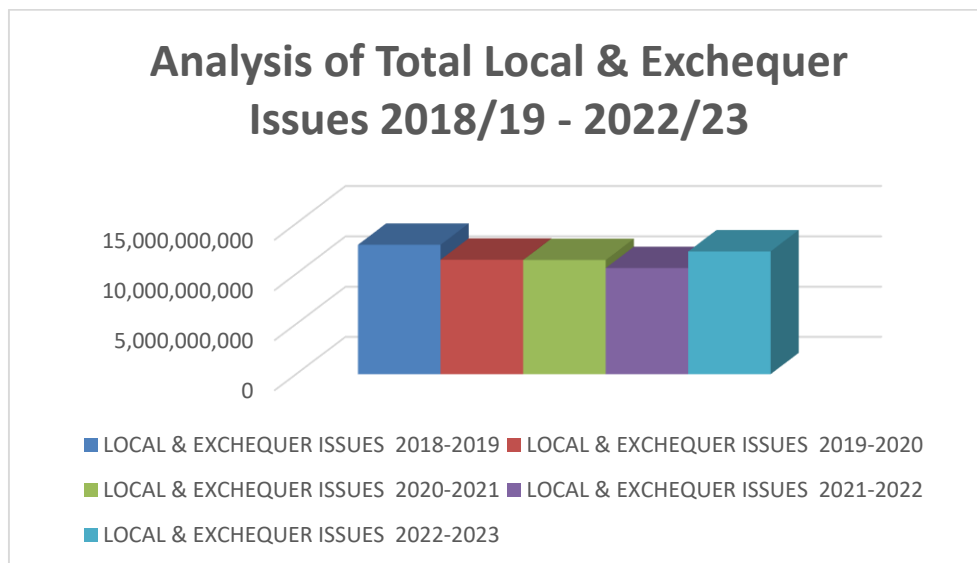
REVENUE.	ANNUAL BUDGETED 2022-2023 KSHS.	GRAND TOTALS 2022-2023 KSHS.	% Collection
<b>COUNTY EXECUTIVE</b>			
<b>03020705 Port Tudor, Kongowea &amp; Likoni Market</b>			
Market Stalls Rent	178,001	-	0
<b>03020805 Sega Market</b>			
Market Stalls Rent	1,773,115	-	0
<b>03020905 Chaani Open Air Market</b>			
Market Stalls Rent	1,367,491	-	0
<b>03021005 Mikindani Market</b>			
Market Stalls Rent	361,140	-	0
<b>03021105 Mwembe Tayari Market</b>			
Market Stalls Rent	1,562,806	-	0
<b>03021205 Kisauni Retail Stall Market</b>			
Market Stalls Rent	3,938,704	-	0
<b>Collection from Market Establishments</b>	<b>475,037,816</b>	<b>38,450,658</b>	<b>8</b>
			0
Drainage Certificate Charges	88,115	10,000	11
Road Cutting Application Fees	92,102	146,700	159
Other Vehicles Enclosed Park Fees (Cars, lorries, etc)	1,544	5,200	337
Street Parking Fee	363,192,468	289,885,002	80
Towing Fee.	151,477	-	0
KAPS Parking Fees	0	13,748,200	0
TLB Matatu Levy	232,492,409	171,413,234	74
Right of Way / WayLeave Fee (KPLN, Telkom, etc)	103,889,789	88,994,846	86
<b>Vehicle Parking Fees</b>	<b>699,907,904</b>	<b>564,203,182</b>	<b>81</b>
			0
Housing Estates Monthly Rent	29,208,993	20,548,837	70
<b>Housing</b>	<b>29,208,993</b>	<b>20,548,837</b>	<b>70</b>
			0
Sign Boards & Advertisement Fee	120,664,188	138,714,030	115
County Vehicle Hire	159,500	60,373	38
Horticulture Consultation Fee	39,200	245,300	626
Livestock Certificates	521,922	64,170	12
Livestock Permits	4,100	1,000	24
Slaughter Licenses	10,000	8,000	80
Vaccination (Dogs, Horses, Camels)	3,000	-	0
Dog Licenses	82,000	97,000	118
Cooperative Audit Charges	255,900	20,420	8
Cemeteries Charges	424,700	2,561,000	603
Garbage Dumping Fee	2,198,000	3,028,600	138

REVENUE.	ANNUAL BUDGETED 2022-2023 KSHS.	GRAND TOTALS 2022-2023 KSHS.	% Collection
<b>COUNTY EXECUTIVE</b>			
Refuse Collection Fee	109,000	~	0
<b>Environment and Conservancy Administration</b>	<b>124,471,510</b>	<b>144,799,893</b>	<b>116</b>
			0
Inspection Schools for Registration	9,559,000	1,865,000	20
Other Education Related Fees	9,559,000	1,865,000	20
<b>COUNTY HEALTH</b>			
Sundry Income	78,694,012	~	0
<b>07021305 Kongowea Health Centre</b>			
Premises Inspection Fees	547,476,866	1,236,507,832	226
<b>07021905 Public Health Offices</b>			
Poultry & Meat Inspection	2,300,000	482,974	21
<b>Other Health and Sanitation Revenues</b>	<b>628,470,878</b>	<b>1,236,990,806</b>	<b>197</b>
Court Fines	25,508,795	3,316,630	13
Cash Bail	4,672,187	1,776,500	38
<b>Fines Penalties and Forfeitures</b>	<b>30,180,981</b>	<b>5,093,130</b>	<b>17</b>
<b>COUNTY OWN REVENUE</b>	<b>4,814,500,985</b>	<b>3,998,628,848</b>	<b>83</b>

Table 14: Monthly Analysis for Local & Exchequer Issues for the FY 2018/19-2022/23

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

**Figure 7: Analysis Total Revenue 2018/19 – 2022/23**



### OWN SOURCE REVENUE ANALYSIS FOR 2022/2023

14. The County realized Kshs 3,998,628,848 being 83 percent of the budgeted local revenue of Kshs. 4,814,500,985. The total revenue collected was Kshs 12,232,779,655 being 89 percent of the total budgeted revenue of Kshs. 14,000,000,000 of which Kshs 8,234,150,807 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 7,567,354,061 which was 100 percent of the County allocation.
15. There was an increase in own source revenue collection of Ksh 378,996,295 which has been on a progressive increase. This positive trend shows that the county has put in place vigorous measures to ensure that the OSR remains on an upward trend. The County realized 4B which is 83% of the projected revenue of 4.8B.
16. The County's kitty for the Donor and conditional grants funding continues to wither with the county receiving only Kshs 666,796,746 as grants comprising of 570,120,196, Water & Sanitation Development Program - World Bank Fund, Agriculture Sector Support Program II Kshs. 4,612,847 and World Bank's - Kenya Informal Settlement Improvement Project (KISIP) grant of Kshs. 92,063,703.

### County Expenditure 2022/2023

17. Total expenditure amounted to Kshs. 12,506,371,206 against a target of Ksh 14,000,000,000 representing an under spending of Kshs. 1,493,628,794 which is 10.7 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 an 89.3% absorption rate which is a tremendous increase from 69% in the previous FY with the same budgeted amount.
19. Recurrent expenditure amounted to 10.9 billion which comprised of personnel emoluments, operations and maintenance for all the Departments.
20. Development expenditure was Kshs 1.6 Billion compared to a target of Kshs 4.1 Billion. This represented an under-spending of approximately Kshs 2.5 Billion which translates to 61 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 89 percent of the overall budget.
23. The County had a fiscal deficit of Kshs. 1.5 Billion to finance which was attributed to unrealized revenues.

### Implication of 2022/23 fiscal performance on the set financial objectives

24. The performance in the FY 2022/23 has affected the financial objectives set out in the latest CFSP and the Budget for FY 2023/24 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 2023/24 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 15: Comparison between the updated Revenue Projections for the FY 2023/24- 2026/27 and in the medium term.**

Revenue Stream	Budgeted 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27
Road maintenance fees	131,914,493	55,010,218	57,760,729	61,914,493
Advertisement income	160,664,188	80,997,397	85,047,267	90,664,188
Parking fees	431,006,857	412,537,360	433,164,228	459,006,857
Fire brigade & ambulance fees	94,572,460	69,755,025	73,242,776	94,572,460
<b>Total</b>	<b>818,157,998</b>	<b>618,300,000</b>	<b>649,215,000</b>	<b>706,157,998</b>
Plot rent & related charges	19,358,612	20,326,543	21,342,870	19,358,612
Development control income	61,927,203	76,023,563	79,824,741	81,927,203
Structural Submission/Approval Fees	281,505,067	231,580,324	233,159,340	234,000,000
Land rates and related fees	1,690,629,698	1,105,943,300	1,183,151,965	1,132,777,973
Housing Estates Monthly Rent	29,208,993	32,815,535	34,456,312	29,208,993
Valuation & Survey Fees	40,772,128	35,310,735	37,076,272	40,772,128
<b>Total</b>	<b>2,123,401,702</b>	<b>1,502,000,000</b>	<b>1,589,011,500</b>	<b>1,538,044,909</b>
Stadium & Other Playing Fields	5,000,000	5,250,000	5,512,500	5,000,000
Social halls hire	8,400,000	8,820,000	9,261,000	8,400,000
<b>Total</b>	<b>13,400,000</b>	<b>14,070,000</b>	<b>14,773,500</b>	<b>13,400,000</b>
Legal department fees	1,504,731	1,579,968	1,658,966	1,504,731
General enforcement charges	5,630,146	5,911,654	6,207,237	5,630,146
Court Fines	30,180,981	22,508,378	23,633,797	30,180,981
<b>Total</b>	<b>37,315,859</b>	<b>30,000,000</b>	<b>31,500,000</b>	<b>37,315,859</b>
Hotel Levy	33,294,404	13,959,124	14,657,080	37,294,404
Sand, Gravel, and Ballast Extraction Fees	662,668,963	643,527,779	655,704,168	675,448,650
Market collection	351,706,351	304,802,634	320,042,766	385,396,815
Business permit fees	806,928,402	837,710,463	864,595,986	874,619,910
<b>Total</b>	<b>1,854,598,120</b>	<b>1,800,000,000</b>	<b>1,855,000,000</b>	<b>1,972,759,779</b>
Registration of Child Care Facilities	9,559,000	11,000,000	11,550,000	9,559,000
<b>Total</b>	<b>9,559,000</b>	<b>11,000,000</b>	<b>11,550,000</b>	<b>9,559,000</b>

Revenue Stream	Budgeted 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27
Meat Inspection/Permit	2,300,000	3,100,000	2,205,000	2,300,000
Boat Operations	3,700,000	4,570,000	3,745,000	3,700,000
<b>Total</b>	<b>6,000,000</b>	<b>7,670,000</b>	<b>5,950,000</b>	<b>6,000,000</b>
Tender Documents Sale	1,413,164	5,817,209	1,558,013	1,413,164
Financial related income	5,850,277	11,142,791	6,441,987	5,850,277
<b>Total</b>	<b>7,263,441</b>	<b>16,960,000</b>	<b>8,000,000</b>	<b>7,263,441</b>
Clinic cost sharing charges & Other services	383,100,000	1,300,000,000	1,335,000,000	1,400,000,000
<b>Total</b>	<b>383,100,000</b>	<b>1,300,000,000</b>	<b>1,335,000,000</b>	<b>1,400,000,000</b>
Total Local Revenue	<b>5,252,796,118</b>	<b>5,300,000,000</b>	<b>5,500,000,000</b>	<b>5,690,500,985</b>

**Table 16: Updated Departmental Ceilings against CFSP' 23 Budgeted/Projections, 2023/24-2025/26**

DEPARTMENTS	Budgeted 2023/2024	Projected 2024/2025	Projected 2025/2026
<b>RECURRENT</b>	<b>C</b>	<b>D</b>	<b>E</b>
County Executive	174,000,000	189,000,000	195,273,000
County Assembly	914,100,000	845,475,000	848,958,075
Public Service Board	131,400,000	133,250,000	135,515,250
Finance & Economic Planning	1,121,500,000	832,750,000	837,606,750
Environment & Solid Waste Management	623,000,000	630,375,000	635,091,375
Education & Digital Transformation	984,000,000	662,150,000	668,406,550
Health Services	1,943,973,855	3,586,000,000	3,544,245,000
Water, Natural Resources & Climate Change Resilience	114,000,000	123,250,000	128,515,250
Public Service Administration, Youth, Gender, Social Services & Sports	1,357,000,000	1,075,500,000	1,080,323,500
Tourism, Culture & Trade	390,107,190	398,750,000	404,848,750
Land, Planning, Housing and Urban Renewal	266,423,444	270,750,000	275,454,750
Transport & Infrastructure	916,000,000	584,000,000	588,758,000
Blue Economy, Agriculture & Livestock	209,000,000	216,250,000	220,606,250
The County Attorney	130,000,000	135,000,000	137,000,000
<b>TOTAL</b>	<b>9,274,504,489</b>	<b>9,682,500,000</b>	<b>9,700,602,500</b>
	<b>Projected 2023/2024</b>	<b>Projected 2024/2025</b>	<b>Projected 2025/2026</b>
<b>DEVELOPMENT</b>	<b>C</b>	<b>D</b>	<b>E</b>
County Executive	25,000,000	85,625,000	76,060,625
County Assembly	50,000,000	70,750,000	72,272,750
Public Service Board	20,000,000	20,500,000	20,848,500
Finance & Economic Planning	716,000,000	994,750,000	1,255,667,000

Environment & Solid Waste Management	164,000,000	342,625,000	337,939,625
Education & Digital Transformation	166,000,000	237,500,000	242,727,500
Health Services	1,584,026,145	340,000,000	333,576,000
Water, Natural Resources & Climate Change Resilience	1,083,000,000	430,000,000	350,910,000
Public Service Administration, Youth, Gender, Social Services & Sports	225,000,000	360,750,000	351,212,500
Tourism, Culture & Trade	221,892,810	429,500,000	396,121,500
Land, Planning, Housing and Urban Renewal	559,576,556	310,500,000	287,636,500
Transport & Infrastructure	361,000,000	768,750,000	781,818,750
Blue Economy, Agriculture & Livestock	250,000,000	376,250,000	360,606,250
The County Attorney	-	50,000,000	32,000,000
<b>TOTAL</b>	<b>5,425,495,511</b>	<b>4,817,500,000</b>	<b>4,899,397,500</b>
	<b>Budgeted 2023/2024</b>	<b>Projected 2024/2025</b>	<b>Projected 2025/2026</b>
<b>TOTAL</b>	<b>C</b>	<b>D</b>	<b>E</b>
County Executive	199,000,000	274,625,000	271,333,625
County Assembly	964,100,000	916,225,000	921,230,825
Public Service Board	151,400,000	153,750,000	156,363,750
Finance & Economic Planning	1,837,500,000	1,827,500,000	2,093,273,750
Environment & Solid Waste Management	787,000,000	973,000,000	973,031,000
Education & Digital Transformation	1,150,000,000	899,650,000	911,134,050
Health Services	3,528,000,000	3,926,000,000	3,877,821,000
Water, Natural Resources & Climate Change Resilience	1,197,000,000	553,250,000	479,425,250
Public Service Administration, Youth, Gender, Social Services & Sports	1,582,000,000	1,436,250,000	1,431,536,000
Tourism, Culture & Trade	612,000,000	828,250,000	800,970,250
Land, Planning, Housing and Urban Renewal	826,000,000	581,250,000	563,091,250
Transport & Infrastructure	1,277,000,000	1,352,750,000	1,370,576,750
Blue Economy, Agriculture & Livestock	459,000,000	592,500,000	581,212,500
The County Attorney	130,000,000	185,000,000	169,000,000
<b>TOTAL</b>	<b>14,700,000,000</b>	<b>14,500,000,000</b>	<b>14,600,000,000</b>

## Updated Expenditure Projections against CFSP' 23 Projections, 2022/23- 2024/25

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 2024, 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 2024/25 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 the priority programmes in Health, Youth Empowerment, Cohesion and Inclusivity, Education, waste management services and Investment Promotion under the medium-term expenditure framework (MTEF). The overall objective of this is to realize sustainable, shared and equitable growth that would in return lead to accelerated job creation and improved livelihoods for the citizenry.



## V. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

### Recent Economic Developments

#### Global Economic Performance

37. The 2023 Budget Review and Outlook Paper (BROP) is developed when the World economic growth slowed to 3.5 percent in 2022 from a growth of 6.3 percent in 2021 as high global inflation, energy and value chain disruptions, and impact of monetary policy tightening in most world economies weighed on economic activity. The growth is projected to slow down further to 3.0 percent in 2023 and 2024 due to the impact of ongoing monetary policy tightening to address inflationary pressures.
38. Global inflationary pressures have responded to policy tightening but inflation exceeds central bank targets in most countries. Recent actions by authorities to contain banking sector challenges in the United States and Swiss Banking have reduced the immediate risk of financial sector instability. However, intensification of the conflict in Ukraine, volatility in the global oil prices and extreme weather-related shocks could weigh on the global economic outlook.
39. The global economic outlook has become more uncertain - reflecting the impact of the ongoing Russia-Ukraine conflict, elevated global inflation, lingering effects of COVID-19 pandemic, and persistent supply chain disruptions. Global growth is projected to slow down to 2.9 percent in 2023 from the estimated at 3.4 percent in 2022 mainly driven by sluggish growth in advanced economies. The advanced economies are projected to decline from the estimated 2.7 percent in 2022 to 1.2 percent in 2023 reflecting slowdown in the growth in the USA, Euro Area and United Kingdom.
40. Advanced economies are projected to record a slower growth of 1.5 percent in 2023 and 1.4 percent in 2024 from 2.7 percent in 2022. About 93 percent of the countries in the advanced economies are projected to have a lower growth in 2023 and 2024. This slowdown is largely driven by aggressive monetary policy tightening in advanced economies that have increased concerns about escalating financial markets uncertainty, particularly persistent high interest rates and vulnerability of the banking sector.
41. Growth in the emerging market and developing economies, is projected to be broadly stable at 4.0 percent in 2023 and 4.1 percent in 2024, although with notable shifts across regions. The sluggish global growth, high inflation rates and the challenging global and domestic financial conditions continue to weigh on the growth for sub-Saharan Africa region. The region economic growth is projected to slow down to 3.5 percent in 2023 from 3.9 percent in 2022, before picking up to 4.1 percent in 2024.

**Table 17: Global Economic Performance**

Economy	Percentage (%) Growth			
	Actual		Projected	
	2021	2022	2023	2024
World	6.3	3.5	3.0	3.0
Advanced Economies	5.4	2.7	1.5	1.4
Of which: USA	5.9	2.1	1.8	1.0
Euro Area	5.3	3.5	0.9	1.5
Emerging and Developing Economies	6.8	4.0	4.0	4.1
Of which: China	8.4	3.0	5.2	4.5
India	9.1	7.2	6.1	6.3
Sub- Saharan Africa	4.7	3.9	3.5	4.1
Of which: South Africa	4.7	1.9	0.3	1.7
Nigeria	3.6	3.3	3.2	3.0
<b>Kenya*</b>	7.6	4.8	5.5	5.6

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

## **Kenya's Economic Performance and Outlook**

### ***GDP Growth***

42. The Kenyan economy demonstrated remarkable resilience and recovery from 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.
43. In the 10 years pre-COVID-19 pandemic, the economic growth averaged 5.0 percent whereas in the two years post COVID-19 pandemic the growth momentum picked up to average 6.2 percent. The Kenyan economy in 2022 demonstrated resilience in the face of severe multiple shocks that included the adverse impact of climate change, lingering effects of COVID-19, global supply chain disruption and the impact of Russia-Ukraine conflict. As such, the economic growth slowed down to 4.8 percent in 2022 from 7.6 percent in 2021.
44. The growth momentum continued in the first three quarters of 2022 averaging 5.5 percent despite subdued performance in agriculture and weaker global growth. The economy grew by 6.7 percent in the first quarter and 5.2 percent in the second quarter compared to a growth of 2.7 percent and 11.0 percent in similar quarters in 2021.
45. In the third quarter of 2022, the economy grew by 4.7 percent compared to a growth of 9.3 percent in the corresponding quarter of 2021. Most sectors posted slower growths owing to the significantly high growth rates recorded in the third quarter of 2021 that signified recovery from the impact of the COVID-19 pandemic. The growth in the third quarter of 2022 was mainly supported by the service sectors, particularly; Accommodation and Food Service activities, Wholesale and retail trade, Professional, Administrative and Support services, Education and

Financial and Insurance activities. The growth was, however, slowed by declines in activities of the Agriculture, Forestry and Fishing, and Mining and Quarrying sectors.

46. The performance of the industry sector slowed down to a growth of 3.4 percent in the third quarter of 2022 compared to a growth of 8.3 percent in the same period in 2021. This was mainly on account of normalization of activities in the manufacturing sub-sector after the strong recovery in 2021. Manufacturing subsector expanded by 2.4 percent in the third quarter of 2022 compared to 10.2 percent growth recorded in the same period of 2021. The growth in the industry sector was supported by positive growths in Electricity and Water Supply subsector and construction sub-sector which grew by 4.7 percent and 4.3 percent, respectively.
47. The activities in the services sector normalized and remained strong in the third quarter of 2022 after a strong recovery in 2021 from the effects of COVID 19 pandemic. The sector growth slowed down to 6.1 percent in the third quarter of 2022 compared to a growth of 11.4 percent in the third quarter of 2021. This performance was largely characterized by substantial growths in accommodation and food services, wholesale and retail trade, professional, administrative and support services and education sub-sectors.
48. The economy remained resilient and expanded by 5.3 percent in the first quarter of 2023, compared to 6.2 percent in a similar quarter in 2022. The growth was mainly supported by a rebound of the agriculture sector and continued resilience of service sectors. All economic sectors recorded positive growths, though the magnitudes varied across activities.
49. The performance of the industry sector slowed down to a growth of 2.4 percent in the first quarter of 2023 compared to a growth of 4.4 percent in the first quarter of 2022. This was mainly on account of a slowdown in activities in the manufacturing; electricity and water supply; and construction sub-sectors.
50. Manufacturing sub-sector expanded by 2.0 percent in the first quarter of 2023 compared to a growth of 3.8 percent in a similar quarter in 2022. The growth was mainly supported by the manufacture of food products that included bakery products and processing and preservation of fish. In the non-food manufacturing the growth performance was supported by substantial growth in the manufacture of basic metals and fabricated metal products.
51. In the energy sector, the total local electricity generation increased from 983.12 million KWh in April 2023 to 1,070.09 million KWh in May 2023. Total electricity consumption increased from 844.34 million KWh in April 2023 to 873.24 million KWh in May 2023. In the international market, the price of the OPEC crude oil basket decreased from US Dollars 84.13 per barrel in April 2023 to US Dollars 75.82 per barrel in May 2023. The national average domestic retail oil prices of motor gasoline premium, light diesel and kerosene was KSh 183.29, KSh 169.10 and KSh 161.83 per litre respectively in May 2023. Charcoal prices averaged KSh 70.47 per Kg while the price of a 13-Kg cylinder of gas averaged KSh 3,125.40 during the same period.

52. The performance of the manufacturing, building and constructions industry sector; the quantity of cement produced increased from 769,259 MT in April 2023 to 818,697 MT in May 2023. Consumption of cement was 777,697 MT in May 2023 the production of assembled vehicles increased from 887 in February 2023 to 1,025 units in March 2023. The number of new vehicle registration increased from 11,419 units in April 2023 to 12,945 units in May 2023. Milk uptake in the formal sector increased from 59.49 million litres in April 2023 to 73.78 million litres in May 2023.
53. In the tourism and transport sector, the total number of visitors arriving through Jomo Kenyatta (JKIA) and Moi International Airports (MIA) increased from 88,654 persons in April 2023 to 96,245 persons in May 2023. The number of passengers who landed at Jomo Kenyatta International Airport (JKIA) increased from 206,300 persons in April 2023 to 231,021 persons in May 2023. Additionally, the Passengers who embarked at JKIA by port of destination increased from 216,497 persons to 230,511 persons over the same period.
54. Total monthly throughput at the port of Mombasa registered a 4.9 per cent improvement in the volume of cargo handled at the Port of Mombasa from 3,124.77 thousand metric tonnes in April 2023 to 3,277.07 thousand metric tonnes in May 2023. The volume of imports rose by 3.1 per cent to 2,603.81 thousand metric tonnes in May 2023 from 2,526.74 thousand metric tonnes in April 2023. The volume of exports went up by 11.2 per cent during the same period. Volume of exports accounted for 13.9 per cent of total throughput in April compared to 13.1 per cent in May 2023.

### **Inflation Development**

55. Year-on-year overall inflation rate inflation has been above the 7.5 percent upper bound target since June 2022. Inflation rate remained sticky at 7.9 percent in June 2023 same as in June 2022 driven by relatively higher food and fuel prices. To anchor inflation expectations, the Central Bank tightened the monetary policy by raising the Central Bank Rate to 10.50 percent in June 2023 from 9.50 percent in March 2023. Consequently, inflation declined significantly to 6.7 percent in August 2023, from a peak of 9.6 percent in October 2022.
56. Food inflation remained the main driver of overall year-on-year inflation in January 2023, contributing 5.2 percentage points, an increase, compared to a contribution of 3.2 percentage points in January 2022. The increase was mainly attributed to relatively higher prices key food items particularly cowpeas, maize grain (loose), beans, potatoes (Irish), green grams, and mangoes.
57. Fuel inflation also increased to contribute 2.4 percentage points to year-on year overall inflation in January 2023 from a contribution of 1.4 percentage points in January 2022. This was mainly

driven by increases in electricity prices due to higher tariffs and increased prices of kerosene/paraffin, diesel and petrol on account of higher international oil prices and scaling down of the fuel subsidy.

58. The contribution of core (non-food non-fuel) inflation to year-on-year overall inflation has been low and stable, consistent with the muted demand pressures in the economy, supported by prudent monetary policy. The contribution of core inflation to overall inflation increased to 1.3 percentage points in January 2023 compared to 0.7 percentage points contribution in January 2022.
59. While inflation has been rising and remains high in most economies, 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**

60. The foreign exchange market has largely remained stable despite the tight global financial conditions attributed to strengthening of the US Dollar and uncertainties regarding the ongoing Russian-Ukraine conflict. Due to the strong dollar, the exchange rate to the Kenya shilling like with all world currencies has weakened to exchange at KSh 139.7 in June 2023 compared to KSh 117.3 in June 2022. Against the Euro, the Kenya shilling weakened to exchange at KSh 151.4 in June 2023 compared to KSh 124.1 in June 2022 while against the Sterling Pound the Kenyan shilling also weakened to exchange at KSh 176.3 compared to KSh 144.8, over the same period.
61. In comparison to Sub-Saharan Africa currencies, the volatility of the Kenya Shilling exchange rate has remained relatively low. The Kenya Shilling depreciated against the US Dollar at a rate of 19.1 percent in the 12 months to June 2023 compared to 8.8 percent in the 12 months to June 2022. The depreciation rate of the Kenya Shilling was lower than that of Burundi Franc and Ghanaian Cedi. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and improved exports receipts.

### **Interest Rates**

62. Monetary policy stance remains tight to anchor inflation expectations due to the sustained inflationary pressures, the elevated global risks and their potential impact on the domestic economy. In this regard, the Central Bank Rate was raised from 8.25 percent to 8.75 percent in November 2022 and retained at the same rate on 30<sup>th</sup> January 2023.
63. The interbank rate increased to 6.0 percent in January 2023 compared to 4.4 percent in January 2022 while the 91-day Treasury Bills rate also increased to 9.5 percent compared to 7.3 percent over the same period due to tight liquidity conditions.

64. Commercial banks' lending rates remained relatively stable in November 2022 supported by the prevailing monetary policy stance during the period. The average lending rate was at 12.6 percent in November 2022 from 12.2 percent in November 2021 while the average deposit rate increased to 7.1 percent from 6.4 percent over the same period. Consequently, the average interest rate spread declined to 5.5 percent in November 2022 from 5.7 percent in November 2021.

## Medium Term Economic Outlook

### *Global Growth Outlook*

65. 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.
66. 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.
67. 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*

68. The economy is expected to grow by 5.5 percent in 2022 and recover in 2023 to 6.1 percent and maintain that momentum over the medium-term (in terms of fiscal years the economic growth is projected at 5.8 percent in the FY 2022/23 and 6.1 percent in the FY 2023/24). This growth will be supported by a broad-based private sector growth, including recoveries in agriculture while the public sector consolidates. From an expenditure perspective, private consumption is expected to support aggregate demand, supported by the ongoing labour market recovery, improved consumer confidence, and resilient remittances.

69. The growth outlook will be reinforced by the Government's development agenda geared towards economic turnaround and inclusive growth. Special focus will be placed on; increased employment, more equitable distribution of income, social security while also expanding the tax revenue base, and increased foreign exchange earnings. The economic turnaround programme will seek to increase investments in at least five sectors envisaged to have the biggest impact on the economy as well as on household welfare. These include: Agriculture; Micro, Small and Medium Enterprise (MSME); Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry.
70. In furtherance of the agenda on inclusive growth and innovation in Micro, Small, and Medium Enterprises (MSMEs), the Government has launched the Hustlers Fund, as an intervention to correct market failure problems at the bottom of the pyramid. This program aims to lift those at the bottom of the pyramid through structured products in personnel finance that includes savings, credit, insurance and investment. To address the adverse impact of the ongoing drought, the Government in partnership with the Development Partners and the private sector under the auspices of the National Steering Committee on Drought Response has provided response to affected persons, regions and communities. The Committee will work with both the National and County Governments in strengthening the national capacity for resilient recovery to protect development gains from recurrent drought.

### ***Fiscal Policy Outlook***

71. The fiscal policy stance over the medium term aims at supporting the Bottom - Up Economic Transformation Agenda of the Government through a growth friendly fiscal consolidation plan designed to slow down the annual growth in public debt and implement an effective liability management strategy, without compromising service delivery to citizens. This is expected to boost the country's debt sustainability position and ensure that Kenya's development agenda honours the principle of inter-generational equity.
72. The fiscal policy also indicates a deliberate convergence path towards the fiscal targets under the East African Community Monetary Union Protocol that sets a ceiling of fiscal deficit including grants of 3.0 percent of GDP and deficit excluding grants of 6.0 percent of GDP.
73. The fiscal policy will target to grow tax revenues above 17.8 percent of GDP in the FY 2023/24 and above 18.0 percent of GDP over the medium term. As part of the economic turnaround plan, the Government will scale up revenue collection efforts by the Kenya Revenue Authority (KRA) to Ksh 3.0 trillion in the FY 2023/24 and Ksh 4.0 trillion over the medium term. In order to achieve this, the Government will undertake a combination of both tax administrative and tax policy reforms.

74. On the tax policy, the Government will implement various tax policy measures to further boost revenue collection. In addition, to further strengthen revenue mobilization efforts, the Government will finalize the development of the National Tax Policy and the Medium-Term Revenue Strategy (MTRS) for the period FY 2023/24 - 2026/27.
75. The National Tax Policy Framework will enhance administrative efficiency of the tax system, provide consistency and certainty in tax legislations and management of tax expenditure. On the other side, the Medium-Term Revenue Strategy will provide a comprehensive approach of undertaking effective tax system reforms for boosting tax revenues and improving the tax system over the medium term.

### **Recent Economic Developments in the County**

76. Mombasa County's Contribution to Gross Value Added (GVA) on average for the period covering 2013-2020 was 5.2% coming third after Kiambu and Nairobi.
77. Growth in the local revenue remained resilient during the first two quarters with the highest collection being in the third quarter, and 65% of all the own source revenue collected in the third and fourth quarters.
78. The County has established the Mombasa Revenue Services (MRS) which will aid in strengthening the Own Source Revenue collection with its main aim being to ensure the County has a vibrant workforce that is dedicated to revenue collection, oversight and enforcement.
79. 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 especially in the special economic zone area. 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.
80. 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.
81. 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.
82. 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.

83. In this regard, the county has set up the Mombasa Investment Corporation (MIC) whose main mandate is to provide a legal and an institutional framework for the County Investment so as to among others; enhance financial and economic prudence, establish an efficient and effective instrument for managing the County Investments, promote local and foreign investment, coordinate public private partnerships and joint ventures as well as resource mobilization of finances for investments.
84. 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.
85. The county Government is inclined to revamp social programmes so as to spur the economy and improve the quality of life of its citizens through the various programmes amongst them; the ongoing issuance of bursaries, Skills Mtaani, School feeding, airlifting, the Interns and Mombasa Yangu, the NHIF enrolment for the indigents, and the revolving fund to support the fisherfolk and other small and midsize enterprises (SMEs).
86. 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.
87. 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.
88. 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.
89. 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.
90. The County Government wishes to scale up investments in the county's priority areas of Health, Youth Empowerment, Cohesion and Inclusivity, Education, waste management services and Investment Promotion as captured in the CFSP 2023.

## Medium Term Fiscal Framework

91. 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.
92. 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.
93. The growth of the outlook for the calendar year 2023 and the FY 2023/24 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 Bottom Up Transformation Agenda (BETA), and the ongoing public investments in infrastructure projects that are envisaged to be implemented through Public Private Partnerships.
94. The County Government in developing the third generation CIDP 2023-2027 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.
95. 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 2023 with a rejuvenated enforcement mechanism. In addition, the CG will rationalize existing fees and charges incentives, expand the income base as envisaged in the Constitution.
96. 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.
97. 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

98. The risk to the outlook for Mombasa County during this period and in the medium-term emanates from both external and domestic quotas. The economy remains vulnerable to both domestic and external shocks. For prudent management of risks, the PFM Act, 2012 requires the preparation of a “Statement of Fiscal Risks”.

99. The specific Fiscal Risks outlines the County's exposure to fiscal risks that are associated with macroeconomic assumptions used for fiscal projections, public debt dynamics, operations of state corporations, contingent liabilities, vulnerabilities of the financial sector, as well as risks posed by nature
100. There are various risks and challenges that have been identified including; weak linkage between planning and budget formulation, high outstanding pending bills, low development budget absorption, under-performance in own-source revenue, failure to use the prescribed financial systems (such as IFMIS, IPPD among others), non-adherence to fiscal responsibility principles, pilferage of public resources, inadequate linkages and cohesion between the County and the National Government entities , high wage bill, weaknesses in human resource management, weak oversight by County Assembly and a weakened internal audit function.
101. The Government remains committed to fiscal consolidation in order to ensure the long-term sustainability of public finances. Nevertheless, the Government will monitor the risks and take appropriate measures to safeguard macroeconomic and microeconomic stability.
102. The upside risk to the domestic economy relate to faster than projected rebound in economic activities that would result in higher Government revenues providing fiscal space that would support fiscal consolidation. The Kenyan Government continues to monitor the domestic and external environment and will take appropriate policy measures to safeguard the economy against the adverse effects of the risks if they were to materialize.
103. In the medium term, the shortfalls in revenue continues to pose a threat of a budget deficit due to the ever-increasing pending bills and a high wage bill. Systems, controls and structures are being put in place to improve the own source revenue performance coupled with a revenue collection reforms and moderation in recurrent expenditure, so as to increase the revenue bases and the fiscal position in the medium term.
104. The Government will monitor and mitigate the above risks and take appropriate measures to safeguard macroeconomic stability including preparation of supplementary budgets to regularize and align any emerging issues.
105. The County will embark on the implementation of the Governor's manifesto incorporating the BETA agenda so as to complement the National Government's Economic Transformation agenda which has been bearish.
106. 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.
107. The high wage bill continues to be a major challenge in the implementation of the budget. The recruitment of key essential staff and the frequent salary increment for various cadres of staff continues to increase the already bloated wage bill. The various collective bargaining agreements

(CBAs) to increase salaries and benefits of various officers also continues to threaten the already ballooned wage bill.

108. The unfavorable parameters used to allocate equitable share to the county continues to be a major risk coupled with the delay in disbursement of funds by the national government especially in the fourth quarter and continues to be a challenge as this leads to delay in execution of planned activities of the County thus compromising service delivery.
109. 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.
110. The fiscal framework for the financial year 2023/24 and beyond will entail a deliberate effort to continue exercising prudence in public expenditure management with the principal goal of containing fiscal risks, gradually lowering the fiscal deficit, and adopting austerity measures to deter increase of recurrent expenditures in favor of productive capital spending. To achieve this, the Government endeavors to prioritize expenditure in the social sectors with the overall objective of this is being to realize sustainable, shared and equitable growth that would in return lead to accelerated job creation and improved standards of living and quality of life for the citizenry.
111. The CG recognizes that further stringent measures need to be put in place to ensure scaling up of revenue collection and mobilization of resources and more efficient production structure towards the implementation of the third generation CIDP 2023-2027.
112. 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.

#### **Proposed Measures to address the risks**

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

## VI. RESOURCE ALLOCATION FRAMEWORK

### Adjustment to 2023/24 Budget

114. Given the fiscal performance in 2022/23 and the updated fiscal outlook, the risks to the FY 2023/24 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.
115. 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.
116. Adjustments to the 2023/24 budget will take into account actual performance of expenditure so far and absorption capacity in the remainder of the financial year because of the resource constrains, the Government will rationalize expenditures by cutting those that are non-priority. These may include slowing down or reprioritizing development expenditures and increased budgeting for debt resolution.
117. 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.
118. 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.
119. 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.

### Medium-Term Expenditure Framework

120. 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.
121. The Mombasa County 2023 Medium-Term Fiscal Framework aims at stimulating the economic growth and development, reducing vulnerabilities, operating a balanced budget, ensuring effective delivery of services and supporting sustainable economic growth in the County. This policy underscores the need to prioritize crucial Recurrent Expenditure and undertake high impact Capital Expenditure in order to enhance economic growth. The 2023 CBROP will be anchored on the following:
  - The county shall enhance its revenue base with a view to ensuring we increase own source revenue collection and achieve greater efficiency in terms of cost savings from non-crucial expenditure to ensure priority is given to the set priorities.

- Maintaining a lean workforce will assist in controlling the wage bill. This will create fiscal space for spending on the key county priorities especially in the social sectors and other development programmes. This will further provide adequate room for future countercyclical fiscal policy in the event of a shock.
  - Fiscal consolidation while ensuring that county resources are adequate to promote growth. The County Government is committed to a reduction in the recurrent expenditure to devote more resources to development. At least thirty percent of the total county revenue shall be used in the implementation of development projects.
  - The county will continuously exploit the public private partnerships, with potential local and foreign investors as well as other development partners to aid in the county's development.
122. Fiscal policy will support the County development economic activities while providing a platform for the implementation of the CIDP 2023-2027 and all other policy documents within a context of sustainable public financing. In the medium term, the County Government has reoriented expenditure towards priority programmes in Health, Youth Empowerment, Cohesion and Inclusivity, Education, waste management services and Investment Promotion under the medium-term expenditure framework (MTEF). This process will be strengthened in the FY 2023/24 by encouraging aggressive private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.
123. The county will continue reorienting expenditure towards those priority social programmes. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development. The expected share of development funds of the total expenditure will be 30%.
124. 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.
125. 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 18: Medium Term Sector Ceiling 2023/2024 - 2025/2026, Ksh Million**

DEPARTMENTS	Budgeted 2023/2024	Projected 2024/2025	Projected 2025/2026
RECURRENT	C	D	E
County Executive	174,000,000	189,000,000	195,273,000
County Assembly	914,100,000	845,475,000	848,958,075
Public Service Board	131,400,000	133,250,000	135,515,250
Finance & Economic Planning	1,121,500,000	832,750,000	837,606,750
Environment & Solid Waste Management	623,000,000	630,375,000	635,091,375
Education & Digital Transformation	984,000,000	662,150,000	668,406,550
Health Services	1,943,973,855	3,586,000,000	3,544,245,000
Water, Natural Resources & Climate Change Resilience	114,000,000	123,250,000	128,515,250
Public Service Administration, Youth, Gender, Social Services & Sports	1,357,000,000	1,075,500,000	1,080,323,500
Tourism, Culture & Trade	390,107,190	398,750,000	404,848,750
Land, Planning, Housing and Urban Renewal	266,423,444	270,750,000	275,454,750
Transport & Infrastructure	916,000,000	584,000,000	588,758,000
Blue Economy, Agriculture & Livestock	209,000,000	216,250,000	220,606,250
The County Attorney	130,000,000	135,000,000	137,000,000
<b>TOTAL</b>	<b>9,274,504,489</b>	<b>9,682,500,000</b>	<b>9,700,602,500</b>
DEVELOPMENT	C	D	E
County Executive	25,000,000	85,625,000	76,060,625
County Assembly	50,000,000	70,750,000	72,272,750
Public Service Board	20,000,000	20,500,000	20,848,500
Finance & Economic Planning	716,000,000	994,750,000	1,255,667,000
Environment & Solid Waste Management	164,000,000	342,625,000	337,939,625
Education & Digital Transformation	166,000,000	237,500,000	242,727,500
Health Services	1,584,026,145	340,000,000	333,576,000
Water, Natural Resources & Climate Change Resilience	1,083,000,000	430,000,000	350,910,000
Public Service Administration, Youth, Gender, Social Services & Sports	225,000,000	360,750,000	351,212,500
Tourism, Culture & Trade	221,892,810	429,500,000	396,121,500
Land, Planning, Housing and Urban Renewal	559,576,556	310,500,000	287,636,500
Transport & Infrastructure	361,000,000	768,750,000	781,818,750
Blue Economy, Agriculture & Livestock	250,000,000	376,250,000	360,606,250
The County Attorney	-	50,000,000	32,000,000
<b>TOTAL</b>	<b>5,425,495,511</b>	<b>4,817,500,000</b>	<b>4,899,397,500</b>

<b>DEPARTMENTS</b>	<b>Budgeted 2023/2024</b>	<b>Projected 2024/2025</b>	<b>Projected 2025/2026</b>
	<b>C</b>	<b>D</b>	<b>E</b>
County Executive	199,000,000	274,625,000	271,333,625
County Assembly	964,100,000	916,225,000	921,230,825
Public Service Board	151,400,000	153,750,000	156,363,750
Finance & Economic Planning	1,837,500,000	1,827,500,000	2,093,273,750
Environment & Solid Waste Management	787,000,000	973,000,000	973,031,000
Education & Digital Transformation	1,150,000,000	899,650,000	911,134,050
Health Services	3,528,000,000	3,926,000,000	3,877,821,000
Water, Natural Resources & Climate Change Resilience	1,197,000,000	553,250,000	479,425,250
Public Service Administration, Youth, Gender, Social Services & Sports	1,582,000,000	1,436,250,000	1,431,536,000
Tourism, Culture & Trade	612,000,000	828,250,000	800,970,250
Land, Planning, Housing and Urban Renewal	826,000,000	581,250,000	563,091,250
Transport & Infrastructure	1,277,000,000	1,352,750,000	1,370,576,750
Blue Economy, Agriculture & Livestock	459,000,000	592,500,000	581,212,500
The County Attorney	130,000,000	185,000,000	169,000,000
<b>TOTAL</b>	<b>14,700,000,000</b>	<b>14,500,000,000</b>	<b>14,600,000,000</b>



## DEPARTMENTAL CEILINGS ANALYSIS: DEVELOPMENT & RECURRENT FY 2024/2025

Table 19: Summary of Revenue and Expenditure

DEPARTMENTS	CONSOLIDATED REVENUE	PERSONNEL	OPERATIONS & MAINTENANCE	TOTAL RECURRENT	TOTAL DEVELOPMENT	TOTAL EXPENDITURE	%
County Executive		-	189,000,000	189,000,000	85,625,000	274,625,000	1.9
County Assembly		385,663,408	459,811,592	845,475,000	70,750,000	916,225,000	6.3
Public Service Board		67,670,000	65,580,000	133,250,000	20,500,000	153,750,000	1.1
Finance & Economic Planning	<b>14,500,000,000</b>	305,133,334	527,616,666	832,750,000	994,750,000	1,827,500,000	12.6
Environment & Solid Waste Management		419,154,358	211,220,642	630,375,000	342,625,000	973,000,000	6.7
Education & Digital Transformation		281,950,160	380,199,840	662,150,000	237,500,000	899,650,000	6.2
Health Services		2,967,867,032	618,132,968	3,586,000,000	340,000,000	3,926,000,000	27.1
Water, Natural Resources & Climate Change Resilience		33,330,000	89,920,000	123,250,000	430,000,000	553,250,000	3.8
Public Service Administration, Youth, Gender, Social Services & Sports		928,874,019	146,625,981	1,075,500,000	360,750,000	1,436,250,000	9.9
Tourism, Culture & Trade		300,303,109	98,446,891	398,750,000	429,500,000	828,250,000	5.7
Land, Planning, Housing and Urban Renewal		126,015,518	144,734,482	270,750,000	310,500,000	581,250,000	4.0
Transport & Infrastructure		328,728,881	255,271,119	584,000,000	768,750,000	1,352,750,000	9.3
Blue Economy, Agriculture & Livestock		135,989,169	80,260,831	216,250,000	376,250,000	592,500,000	4.1
The County Attorney		30,430,425	104,569,575	135,000,000	50,000,000	185,000,000	1.3
<b>TOTAL</b>		<b>6,311,109,413</b>	<b>3,371,390,587</b>	<b>9,682,500,000</b>	<b>4,817,500,000</b>	<b>14,500,000,000</b>	<b>100</b>
<b>SURPLUS / (DEFICIT)</b>	-	<b>44</b>	<b>23</b>	<b>67</b>	<b>33</b>	<b>100</b>	
<b>REVENUE SOURCES</b>							
Local Revenue	5,300,000,000						
Exchequer Issues	9,200,000,000						
<b>TOTAL REVENUE</b>	<b>14,500,000,000</b>						

## Departments Budgets and Programs Prioritization

126. A key challenge in developing the 2024/25 MTEF budget is the prioritization of resource allocation to pending and ongoing projects.
127. 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.
128. Extensive work has been done in providing reporting templates and issuance of budget guidelines so as to ensure consistency in reporting and monitoring progress.
129. Strengthening of the Monitoring and evaluation unit in the Finance and Economic Planning Department will lead to a harmonized monitoring and evaluation system in the county.

## Budget Framework 2024/2025

130. The 2024/25 budget framework is set against the background of the updated medium-term macro-fiscal framework set out above.

### Revenue Projections

131. The 2024/25 budget targets local revenue of Kshs 5.3 billion and National Government transfer of 9.2 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 14.5 billion.

### Expenditure Forecasts

132. In 2024/25, overall expenditures are projected to be 14.5 billion, out of which 33% which is 4.8 billion is projected to undertaken various development initiatives, while 9.7 billion budgeted for the recurrent expenditure will be utilized for servicing the operation and maintenance costs at 3 billion and the personnel and maintenance cost pegged at 6.7 billion.

## VII. CONCLUSION AND WAY FORWARD

133. The fiscal outcome for 2024/25 together with the updated forecast has had ramification of the financial objectives elaborated in the last CFSP 2022.
134. The FY 2024/25 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 looming envisaged El-nino season and the soaring fuel prices which may reallocate resources from the productive sectors.
135. There is moderate growth in the overall revenue collection and a decline in overall recurrent expenditure as more resources are allocated to complete the ongoing development projects to ensure implementation of the 2023-2027 CIDP. These measures take into account the need to maintain fiscal discipline in all levels of the government for maximum return from public resources.
136. The set of policies outlined in this CBROP reflect the change in circumstances and are broadly in line with the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives pursued by the Government as a basis of allocation of public resources.
137. The CG will implement strategic interventions with emphasis in provision of potable water, quality health services, modernized education institutions, improved infrastructure, sanitation and waste management, social protection as well as youth and gender empowerment as well as policy interventions covering the entire county to enhance social equity.
138. The outlined policies will ensure continuity in resource allocation based on prioritized programs that have been earmarked by the government to accelerate growth, employment creation with the ultimate objective of ensuring that all citizens enjoy improved standards of living.
139. 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.
140. The CBROP 2023 emphasizes the alignment of the 2023 fiscal strategy paper that has been designed to continue addressing these specific challenges by focusing on the following objectives:
- To improve the efficiency and quality of CAPEX by promoting Public Private Partnership;
  - To place greater focus on critical and on-site infrastructure development as a means of promoting long-term economic growth;

- Continued application of a fiscal stimulus in the medium term to stimulate the economy which has been greatly affected by various adverse issues including the ongoing drought, taking into consideration the current revenue constraints and its impact on the fiscal deficit;
    - a. Rationalizing the outlay on recurrent expenditure through the identification of cost-saving measures;
    - b. Pegging commitments and expenditure on the actual cash flow;
    - c. Coming up with sustainable personnel policy to address the bloated wage bill;
    - d. Boosting revenue receipts, identifying and plugging revenue leakages through automation.
141. The policies and sector ceilings annexed herewith will guide the Departments in preparation of the 2024/2025 budget. The CG should scale down its budget and then increase it gradually over the medium term as it expands its revenue base.
142. The ceilings will form inputs into the next County Fiscal Strategy Paper (CFSP) which will be developed in February 2024 as per the budget cycle.

## ANNEXES

### ANNEX 1. COMPARISON OF EXCHEQUER ISSUES AND LOCAL REVENUE COLLECTION BY ON MONTHLY BASIS 2022-2023.

Month	Local Revenue	Exchequer Issues
July	367,089,557	0
August	124,935,681	643,225,095
September	76,843,866	605,388,325
October	106,492,816	0
November	386,945,293	643,225,096
December	339,317,651	605,388,325
January	270,132,327	983,546,633
February	510,261,367	0
March	792,863,010	605,388,325
April	420,946,047	1,286,450,190
May	393,590,939	605,388,325
June	209,210,294	2,256,150,493
<b>Total</b>	<b>3,998,628,848</b>	<b>8,234,150,807</b>

*To compare Revenue collection between two major sources*

### ANNEX 2: COMPARISON OF LOCAL REVENUE BETWEEN FY 2018/2019 TO FY 2022/2023

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

*To Compare Local Revenue between five fiscal years*

**ANNEX 3: COMPUTATION OF MONTHLY EXCHEQUER ISSUES BETWEEN FY 2018/2019 TO FY 2022/2023**

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

*To compute monthly exchequer issues 18/19-22/23*