



COUNTY GOVERNMENT OF MOMBASA
COUNTY TREASURY

MOMBASA COUNTY BUDGET

REVIEW AND OUTLOOK PAPER

©AUGUST 2021

© Budget Review and Outlook Paper (CBROP) 2021

To obtain copies of the document, please contact:

Public Relations Office

Department of Finance and Economic Planning

County Assembly Building

P. O. Box 90440-80100

MOMBASA, KENYA

Tel: +254-41-2311531

Fax: +254-41-2311531

countyfinance@mombasa.go.ke

The document is also available on the internet at: www.mombasa.go.ke

Foreword

The Mombasa County Budget Review and Outlook Paper (CBROP), is set against the backdrop of an expected global recovery after a slump in 2020 occasioned by the outbreak and the rapid spread of the Covid-19 Pandemic. The Pandemic and the attendant containment measures has led to contraction of the global economy disrupting businesses including international trade and leading to loss of livelihoods for millions of people globally.

It presents the recent economic developments and actual fiscal performance of the FY 2020/2021 and makes comparisons to the budget appropriations for the same year. It further provides updated forecasts with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper (CFSP), developed in February 2021. In this Paper, we will also provide an overview of how the actual performance of the FY 2020/2021 affected the County's compliance with the fiscal responsibility principles and the financial objectives as detailed in the 2021 CFSP.

This is the second last CBROP that has been prepared within the second-generation County Integrated Development Plan 2018-2022 that outlines the County's planning framework that will guide county programmes budgeting, project funding, monitoring and evaluation.

In this CBROP the County is re-emphasizing the Government's fiscal policy strategy, which focuses on maintaining a strong revenue effort and shifting composition of expenditure from recurrent to productive capital expenditures and optimally ensuring efficiency and effectiveness in the use of public resources.

The critical programmes to be implemented are expected to stimulate the County's socio-economic development. The key County proposed priority areas are; Enhanced health services, Sustainable waste management services, Augment accessibility to safe potable water and sustained food security, Integrated Quality Education, Gender empowerment, Youth & Sports improvement, Affordable Housing Services and Land management as well as Public and onsite Infrastructure development.

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 budget for the FY 2022/23 is being prepared under a revised budget calendar that takes into account the preparations for the upcoming 2022 General Elections. The County Treasury will link this CBROP with the other budgetary policy documents as stipulated in the PFM Act.



MS. MARYAM MBARUK
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING

Acknowledgement

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

We are operating under tight resource constraints amidst significant revenue shortfalls occasioned by declining economic activity as a result of the adverse effects of the Covid-19 Pandemic. This calls for proper prioritization to ensure that our expenditures go to the most impactful programmes with highest welfare benefits to the citizens. Thus, all Departments are expected to ensure that their budgets are aligned to the overall Government priorities while taking into account the available resources.

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

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



MS. ASHA ABDI
CHIEF OFFICER
FINANCE AND ECONOMIC PLANNING

Table of Contents

Foreword.....	3
Acknowledgement	4
Legal Background	7
Executive Summary	8
I. INTRODUCTION.....	9
II. REVIEW OF FISCAL PERFORMANCE IN 2020/21	10
III. OVERVIEW.....	11
IV. FISCAL PERFORMANCE FOR 2020/21	12
LOCAL REVENUE	12
EXCHEQUER ISSUES	13
COUNTY DEPARTMENTAL EXPENDITURE.....	15
DETAILED REVENUE ANALYSIS.....	17
REVENUE ANALYSIS FOR 2020/2021 FY	22
Expenditure.....	22
Overall Balance and Financing.....	23
Implication of 2020/21 fiscal performance on the set financial objectives	23
Updated Expenditure Projections against CFSP' 20 Projections, 2020/21 - 2022/23	27
V. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK.....	28
a. Recent Economic Developments	28
b. Medium Term Economic Outlook.....	30
Recent Economic Developments in the County	31
Medium Term Fiscal Framework.....	35
Risks to the Outlook.....	36
VI. RESOURCE ALLOCATION FRAMEWORK.....	39
A. Adjustment to 2021/22 Budget	39
B. Medium-Term Expenditure Framework.....	39
C. Departments Budgets and Programs Prioritization	42
D. 2022/2023 Budget Framework	43
VII. CONCLUSION AND WAY FORWARD	45
ANNEXES.....	46

Abbreviations and Acronyms

ADP	Annual Development Plan
BOPA	Budget Outlook Paper
BPS	Budget Policy Statement
BSP	Budget Strategy Paper
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CG	County Government
CIDP	County Integrated Development Plan
COVID-19	Corona Virus Disease of 2019
FY	Financial Year
GDP	Gross Domestic Product
GoK	Government of Kenya
KNBS	Kenya National Bureau of Statistics
SDG	Social Development Goals
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
MV-2035	Mombasa Vision 2035
NDA	Net Domestic Assets
NFA	Net Foreign Assets
PERs	Public Expenditure Review
PFM	Public Financial Management
PPP	Public Private Partnership
SBP	Single Business Permit
SGR	Standard Gauge Railway
SWGs	Sector Working Groups
VAT	Value Added Tax
V 2030	Vision 2030

Legal Background

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

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

The main objectives of a CBROP are to specify;

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

In summary, this CBROP is expected to present a review of the fiscal performance for the previous year, 2020/21 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 2021/22 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 2021 Budget Review and Outlook Paper has been prepared in accordance with the Public Finance Management (PFM) Act, 2012 and its Regulations. The document provides actual fiscal performance for the FY 2020/21, macro-economic projections and the sector ceilings for the FY 2022/23 and the medium-term budget.

The document also provides an overview of how the actual performance of the FY 2020/21 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 2020 Budget Policy Statement.

The fiscal performance of the FY 2020/21 budget was below target on account of revenue shortfalls occasioned by the declining economic activities as a result of the adverse effects of the COVID-19 pandemic and rising expenditure pressures. In light of these challenges, mechanisms have been put in place to revamp the revenue collection for the FY 2021/22 while departmental expenditures for the fiscal year have been rationalized to ease funding pressures and create fiscal space and ensuring that their budget implementation strictly adheres to the cash plans outlined.

The outbreak and spread of the Covid-19 Pandemic and the ensuing containment measures have devastated global economies. As a result, global economy is projected to contract by 3.2 percent in 2020 before rebounding to grow by 6.0 percent in 2021. The economic growth in the Sub-Saharan Africa region is projected to expand by 3.4 percent in 2021 from a contraction of 1.8 percent in 2020.

On the domestic scene, Kenya has not been spared of the negative impact of the Pandemic. The Kenyan Economy is projected to recover from the negative impact of the Pandemic and obtain a robust growth of 6.2 percent in FY 2021/22 and maintain growth of above 6.0 percent over the medium term.

Mombasa County was among the most affected counties which necessitated a total lock down and cessation of movement in some areas. The Pandemic and the resultant containment measures have adversely affected businesses and economic activities.

The County Government will roll out the implementation of the Post Covid-19 Economic Recovery Strategy which will mitigate the adverse impacts of the Pandemic on the economy and further re-position the economy on a steady and sustainable growth trajectory. The policies in this document have also been anchored on the Medium-Term Plan III of the Vision 2030 as prioritized in the “Big Four” Agenda.

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 2020/21, updated macroeconomic forecast, and deviations from the Fiscal Strategy Paper February 2020.
2. The objective of the CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles set out in the Fiscal Strategy Paper (CFSP). This together with updated macroeconomic outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget and the medium term. Details of the fiscal framework and the medium-term policy priorities will be firmed up in the next Budget Policy Statement (BPS).
3. The CBROP is a key document in linking policy, planning and budgeting. The County Government is midway in the implementation of the County Integrated Development Plan (CIDP) 2018-2022, through the subsequent Annual Development Plan's currently undertaking the 2020 and the Annual Budget estimates for the 2021-2022 financial year.
4. The PFM Act enacted in 2012 has set high standards for compliance with the Medium-Term Expenditure Framework (MTEF) budgeting process. Therefore, it is expected that the sector ceilings for the Third Year of the MTEF provided in the previous CFSP will form the indicative baseline sector ceilings for the next budget of 2022/23. However, following the fiscal outcome of 2020/21 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 2020/21

6. This section is meant to review how the actual financial performance for the 2020/21 financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP for that financial year.
7. In line with the Constitution, the Public Financial Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law (Section 15) states that:
 - a) Over the medium term, a minimum of 30% of the budget shall be allocated to development expenditure
 - b) The Government's expenditure on wages and benefits for public officers shall not exceed a percentage of the Government revenue as prescribed by the regulations (35%) as per the Public Finance Management Regulations 2015.
 - c) Over the medium term, the Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure
 - d) Public debt and obligations shall be maintained at a sustainable level as approved by County Assembly (CG)
 - e) Fiscal risks shall be managed prudently
 - f) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

III. OVERVIEW

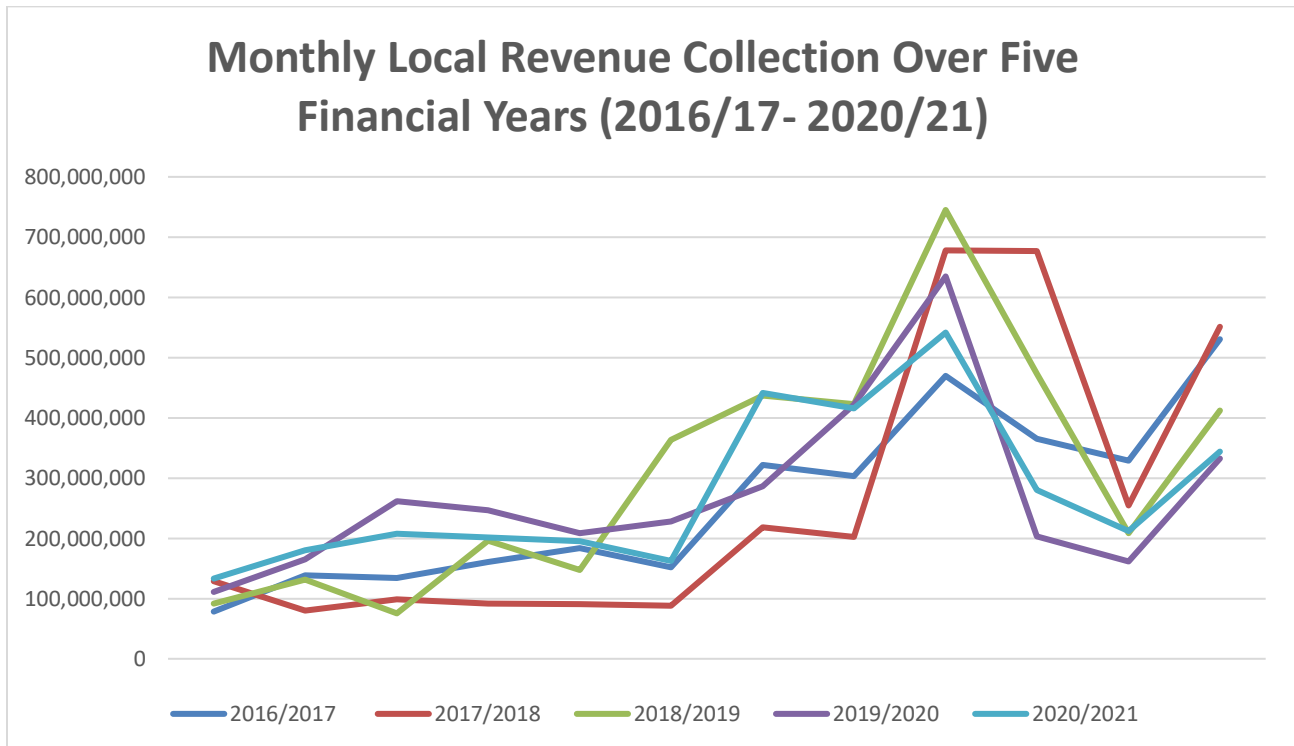
8. The fiscal performance in 2020/21 slightly improved despite a shortfall in own source revenues and donor funding coupled by the low equitable share allocation. The County was able to realize Kshs. 11,377,246,941 which translates to 83 percent of the supplementary budget of Kshs 13,750,000,000. In view of the above the County had a 17 percent budget deficit of Kshs. 2,372,753,059.
9. The global Covid19 Pandemic continues to cause havoc in all the sectors of the economy which has greatly impacted negatively on especially the own source revenue collection. The pandemic worsened the revenue performance in FY 2019/20, as well in the FY 2020/21 which has hampered the positive revenue trend that was existing in the previous FYs pre Covid 19 pandemic.
10. The fiscal performance at the end was dismal due to the global slowdown of the economy which contributed to a total closure of the County's major own source revenue contributors as well as 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. 10,889,466,230 which translates to 79 percent of the supplementary budget of Kshs 13,750,000, 000 out of which 90 percent was recurrent expenditure of Kshs. 8,707,601,043 and 54 percent being development expenditure of Kshs 2,181,865,186 out of the budgeted amount. In view of the above the County had a 21 percent budget deficit of Kshs. 2,860,533,770.

IV. FISCAL PERFORMANCE FOR 2020/21

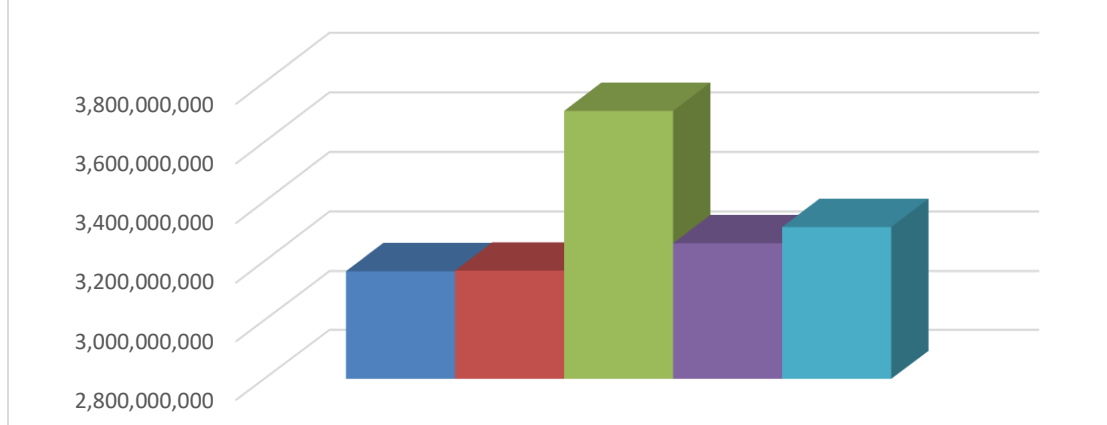
LOCAL REVENUE

Table 1: Local Revenue Collection Over Five Financial Years

MONTH	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
JULY	78,327,409	128,948,779	91,417,758	110,950,638	133,177,640
AUGUST	138,978,980	79,974,633	131,852,605	164,898,523	180,063,924
SEPTEMBER	134,037,320	98,958,707	75,372,653	261,239,934	207,752,314
OCTOBER	160,474,776	91,999,794	195,706,353	246,980,210	200,978,869
NOVEMBER	183,999,072	90,326,887	147,841,146	208,062,247	195,076,359
DECEMBER	151,828,812	88,025,962	363,008,810	228,135,477	162,790,308
JANUARY	321,392,757	218,656,932	437,327,591	286,662,913	441,650,127
FEBRUARY	303,286,028	202,052,628	423,072,353	421,502,866	415,598,494
MARCH	469,422,317	677,958,599	745,066,240	634,772,214	541,582,202
APRIL	365,071,728	677,126,092	472,840,320	203,268,450	280,251,148
MAY	328,912,588	254,091,979	208,729,502	161,450,270	211,868,868
JUNE	530,509,174	551,010,104	412,062,041	332,130,650	343,741,925
TOTAL	3,166,240,961	3,168,013,709	3,704,297,372	3,260,008,335	3,314,532,178



Annual Local Revenue Collection for Five FYs (2016/17- 2020/21)



Source: Table 1

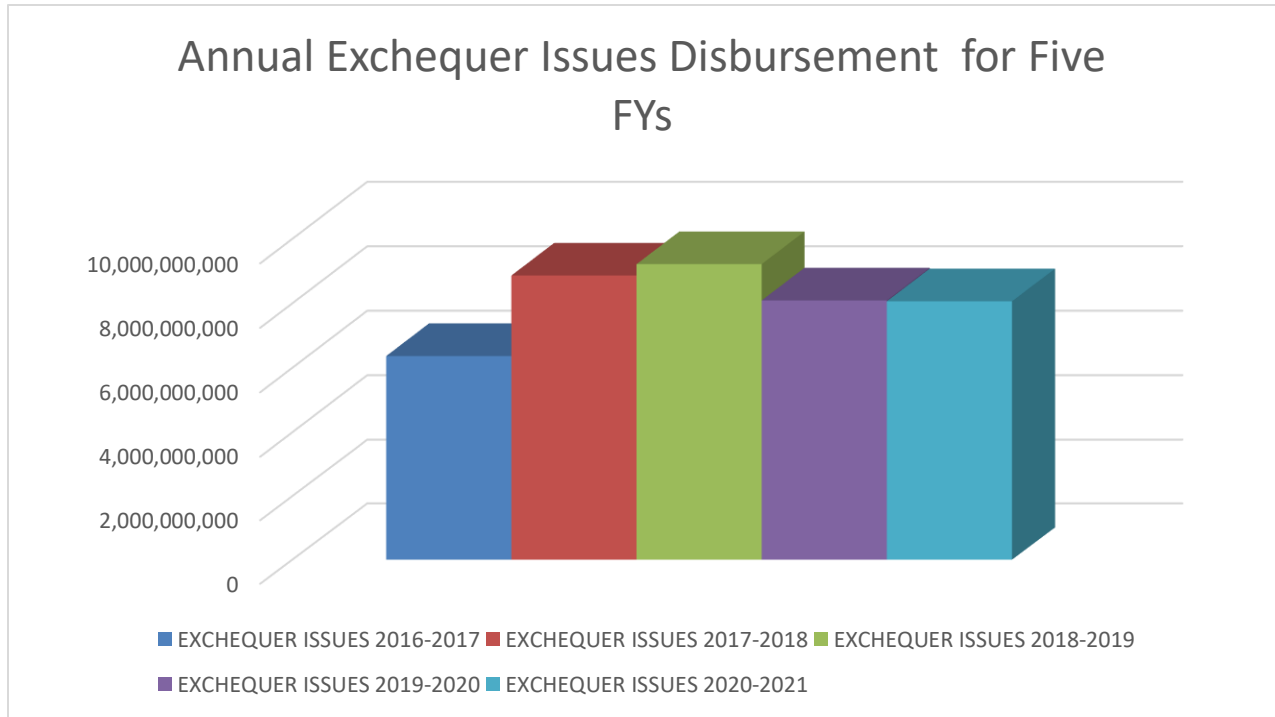
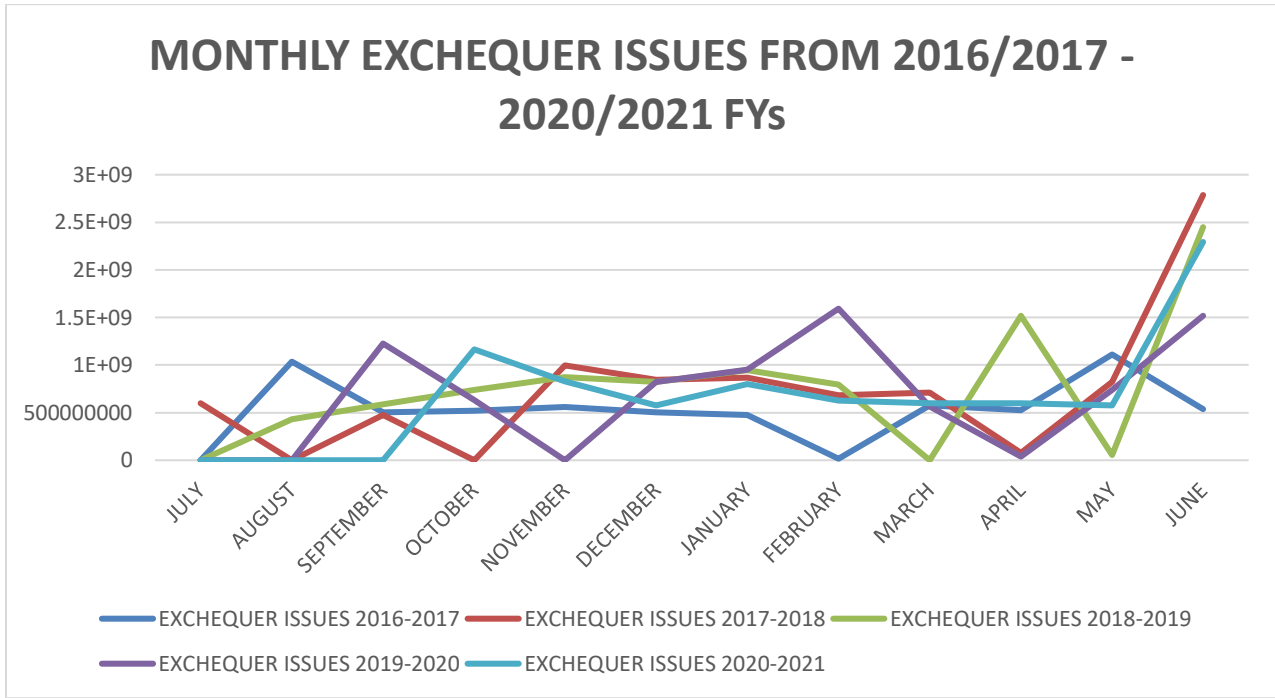
EXCHEQUER ISSUES

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

Table 2: Actual Monthly Exchequer Issues Over Five Financial Years 2016/2017– 2020/2021

	<i>KSHS.</i>	<i>KSHS.</i>	<i>KSHS.</i>	<i>KSHS.</i>	
<i>MONTH</i>	<i>EXCHEQUER ISSUES 2016-2017</i>	<i>EXCHEQUER ISSUES 2017-2018</i>	<i>EXCHEQUER ISSUES 2018-2019</i>	<i>EXCHEQUER ISSUES 2019-2020</i>	<i>EXCHEQUER ISSUES 2020-2021</i>
<i>JULY</i>	0	597,970,752	0	0	0
<i>AUGUST</i>	1,037,748,641	0	430,761,965	0	0
<i>SEPTEMBER</i>	501,676,603	473,286,618	587,699,500	1,228,083,300	0
<i>OCTOBER</i>	518,083,015	0	741,181,901	632,224,439	1,164,561,750
<i>NOVEMBER</i>	558,883,251	996,790,289	875,741,969	0	828,146,904
<i>DECEMBER</i>	501,676,603	843,101,778	822,680,000	824,676,155	574,671,000
<i>JANUARY</i>	478,282,890	866,001,087	944,297,016	949,232,625	798,466,182
<i>FEBRUARY</i>	15,105,000	683,706,112	794,895,339	1,592,730,838	628,955,904
<i>MARCH</i>	577,456,833	712,190,289	0	564,636,000	599,925,750
<i>APRIL</i>	525,787,311	78,786,439	1,515,161,166	40,134,590	599,925,750
<i>MAY</i>	1,111,343,905	824,219,384	54,151,120	741,084,750	574,844,314
<i>JUNE</i>	538,706,387	2,786,366,845	2,449,218,601	1,517,641,228	2,293,217,209
<i>TOTAL</i>	<i>6,364,750,439</i>	<i>8,862,419,593</i>	<i>9,215,788,577</i>	<i>8,090,443,924</i>	<i>8,062,714,763</i>

EXCHEQUER ISSUES FROM 2016/2017 – 2020/2021 FYs



Source: Table 2

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 2020/21 and the deviations from the Original and Revised budget estimates.

Table 3: Departmental %Age 2020-2021 Recurrent expenditure

S/NO	DEPARTMENTS	Approved Budget FY 2020/2021	Final Budget FY 2020/2021	Expenditure TOTAL	%age
3011	The Executive	353,392,288	230,273,496	134,579,861	58.4%
3012	County Assembly	658,609,194	758,609,194	591,624,069	78.0%
3013	Public Service Board	121,377,889	71,263,661	55,517,935	77.9%
3014	Finance and Economic Planning	1,014,007,043	1,393,582,640	1,207,271,537	86.6%
3015	Energy, Environment and Waste Management	612,507,149	597,414,184	516,035,050	70.1%
3016	Education, Information Technology and Mv. 2035	661,158,345	554,766,799	460,923,816	83.1%
3017	Health	3,225,659,735	2,821,451,165	2,817,451,165	99.9%
3018	Water, Environment and Natural Resources	128,861,433	91,641,252	75,010,927	81.9%
3019	Youth, Gender, Sports and Cultural Affairs	430,379,042	284,984,886	168,489,055	59.1%
3020	Trade, Tourism and Investments	458,875,184	430,288,541	378,144,656	87.9%
3021	County Planning, Land and Housing	346,776,432	403,728,629	312,130,306	54.6%
3022	Transport, Infrastructure and Public Works	558,548,738	437,917,887	426,884,567	94.6%
3023	Agriculture, Fisheries, Livestock and Co-Operatives	282,930,223	183,437,890	156,282,564	85.2%
3026	Devolution and Public Service Administration	856,155,411	1,427,608,217	1,407,255,536	98.6%
REC	TOTAL	9,709,238,107	9,686,968,442	8,707,601,043	90.0%

2020/2021 DEPARTMENTAL DEVELOPMENT EXPENDITURE

S/NO	DEPARTMENTS	Approved Budget FY 2020/2021	Final Budget FY 2020/2021	Expenditure TOTAL	%age
3011	County Executive	22,424,673	-	-	-
3012	County Assembly	25,773,748	25,773,748	0	0.0
3013	Public Service Board	11,637,280	1,998,000	1,963,552	98.3
3014	Finance & Economic Planning	415,537,693	408,278,166	407,082,086	99.7%
3015	Energy, Environment & Waste Management	365,372,081	143,779,427	65,828,233	45.8
3016	Education, Information Technology & MV 2035	311,329,356	132,289,703	92,285,458	69.8
3017	Health Services	451,641,776	328,078,107	93,730,825	28.6%
3018	Water, Sanitation & Natural Resources	1,350,225,704	1,137,274,448	258,221,154	22.7
3019	Youth, Gender, Sports and Cultural Affairs	485,595,266	349,056,030	285,610,817	81.8
3020	Trade, Tourism & Investment	350,056,936	119,583,214	71,969,035	60.2
3021	Lands, Housing and Physical Planning	171,329,963	252,515,596	175,852,005	69.6
3022	Transport, Infrastructure and Public Works	668,855,896	1,095,059,077	694,472,190	63.4
3023	Agriculture, Fisheries, Livestock and Co-operatives	200,015,626	40,044,592	19,292,134	48.2
3026	Devolution & Public Service Administration	95,545,582	29,301,449	15,557,697	53.1
	TOTAL	4,925,341,580	4,063,031,557	2,181,865,186	53.7

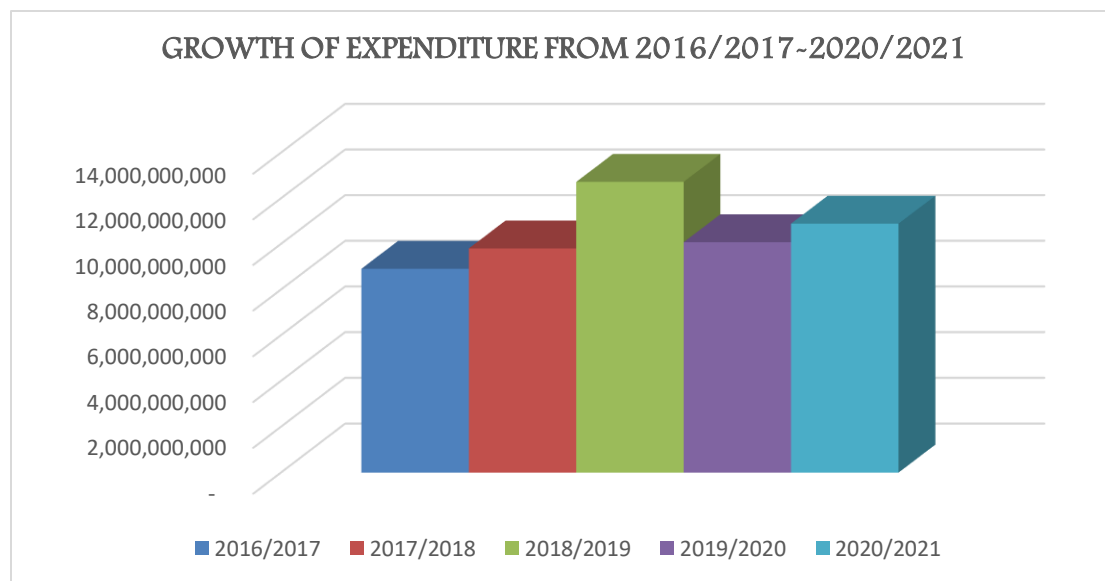
2020/2021 TOTAL DEPARTMENTAL EXPENDITURE

	DEPARTMENTS	Approved Budget FY 2020/2021	Final Budget FY 2020/2021	Total Expenditure	%age
3011	County Executive	375,816,961	230,273,496	134,579,861	58.4
3012	County Assembly	684,382,942	784,382,942	591,624,069	75.4
3013	Public Service Board	133,015,169	73,261,661	57,481,487	78.5
3014	Finance & Economic Planning	1,429,544,736	1,801,860,806	1,614,353,623	89.6
3015	Energy, Environment & Waste Management	977,879,230	741,193,611	581,863,283	78.5
3016	Education, Information Technology & MV 2035	972,487,701	687,056,502	553,209,274	80.5
3017	Health Services	3,677,301,511	3,149,529,272	2,911,181,990	92.4
3018	Water, Sanitation & Natural Resources	1,479,087,137	1,228,915,700	333,232,081	27.1
3019	Youth, Gender, Sports and Cultural Affairs	915,974,308	634,040,916	454,099,872	71.6
3020	Trade, Tourism & Investment	808,932,120	549,871,755	450,113,691	81.9
3021	Lands, Housing and Physical Planning	518,106,395	656,244,225	487,982,311	74.4
3022	Transport, Infrastructure and Public Works	1,227,404,634	1,532,976,965	1,121,356,757	73.1
3023	Agriculture, Fisheries, Livestock and Co-operatives	482,945,849	223,482,482	175,574,698	78.6
3026	Devolution and Public Service Administration	951,700,994	1,456,909,667	1,422,813,233	97.7
	TOTAL	14,634,579,687	13,750,000,000	10,889,466,230	79.2

Table 4: GROWTH OF EXECUTIVE EXPENDITURE FROM 2016/2017-2020/2021

GROWTH OF EXPENDITURE FROM 2016/2017-2020/2021						
S NO.	DEPARTMENTS	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
3011	County Executive	289,680,017	305,472,424	367,868,652	170,907,637	134,579,861
3013	Public Service Board	47,783,171	69,337,345	82,182,927	42,223,122	57,481,487
3014	Finance & Economic Planning	2,276,991,615	2,270,755,715	2,724,996,907	1,929,435,855	1,674,353,623
3015	Environment, Waste Management and Energy	70,677,866	504,702,480	737,985,956	507,605,972	581,863,283
3016	Education, Information Technology & MV 2035	1,033,070,417	469,161,316	452,661,776	429,302,668	553,209,274
3017	Health Services	2,532,325,353	2,500,178,693	3,242,469,680	3,261,210,911	3,166,401,627
3018	Water, Sanitation & Natural Resources	73,447,595	95,072,297	68,635,562	282,665,964	333,232,081
3019	Youth, Gender, Sports & Cultural Affairs	369,715,814	323,768,818	280,429,106	181,268,380	454,099,872
3020	Trade, Tourism & Investment	186,241,760	212,092,539	486,693,687	286,680,390	450,113,691
3021	Lands, Housing & Physical Planning	185,971,683	276,249,787	311,766,515	214,961,915	487,982,311
3022	Transport & Infrastructure & Public Works	1,731,846,854	1,871,526,082	2,017,723,065	1,239,171,000	1,121,356,757
3023	Agriculture, Fisheries, Livestock & Cooperatives	116,645,971	194,126,312	325,189,634	141,925,916	175,574,698
3026	Devolution & Public Service Administration	0	712,108,321	1,621,225,848	1,389,053,177	1,107,593,596
	Total	8,914,398,116	9,804,552,129	12,719,829,315	10,076,412,906	10,889,466,230

GROWTH OF EXPENDITURE FROM 2016/2017-2020/2021



DETAILED REVENUE ANALYSIS

Table 5: TOTAL EXCHEQUER ISSUES 2020-2021

Revenue Item	Annual Budgeted	Total Receipt	Percentage
Equitable share	7,057,950,000	7,057,950,000	100
GRANTS			
CA-Fuel levy fund	221,681,742	218,916,458	99
Agriculture Sector Support Program II	12,749,975	10,250,771	80
Conditional Allocation for Rehabilitation of Youth Polytechnics	18,484,894	18,484,894	100
CA-User Fees Forgone	23,385,934	23,385,934	100
Level 5 H	388,439,306	388,439,308	100
DANIDA	20,070,000	20,070,000	100
IDA(WB)-KSDP LEVEL 1	45,000,000	45,000,000	100
Transforming Health Systems for Universal Care Project (World Bank-IDA)	114,569,473	51,996,243	45
Water & Sanitation Development Program – World Bank Fund	1,100,000,000	228,221,154	21
Total Grants	1,944,381,324	1,004,764,762	52
Total Exchequer Issues	9,002,331,324	8,062,714,762	90

Table 6: TOTAL LOCAL REVENUE COLLECTED 2020-2021

	FY 2020-2021
	Kshs
RECEIPTS	
Other Property Income-Rates	868,647,723
Receipts from Administrative Fees and Charges	702,449,704
Business Permits / Cess	515,483,336
Plot Rents	6,538,587
Market/Trade Centre fees	33,855,491
Vehicle Parking Fees	436,072,057
Housing	40,832,765
Environment and Conservancy Administration	121,134,012
Other Health and Sanitation Revenues	587,098,154
Fines Penalties and Forfeitures	2,220,485
TOTAL	3,314,532,178

Table 7: LOCAL REVENUE ANALYSIS DETAILED 2020/2021

REVENUE.	ANNUAL BUDGETED 2020-2021 KSHS.	GRAND TOTALS 2020-2021 KSHS.	% Collection
Land Rates Current Year	0	669,823	
Land Rates Penalties	12,929,410	0	0.0%
Land Rates Other Years	1,316,907,999	867,967,900	65.9%
Administration Cost	1,661,825	10,000	0.6%
Other Property Income	1,331,499,234	868,647,723	65.2%
Document Search Fee	195,233	63,500	32.5%
Sales of County's Minutes / Bylaws	877	0	0.0%
Valuation & Survey Fees	40,772,128	3,920,000	9.6%
Plot Transfer Fee	533,712	88,400	16.6%
Consent to Sublease	134,568	50,000	37.2%
Technical Division	13,068	41,196	315.2%
Beacon Search pointing Fee	26,300	15,000	57.0%
Survey Fee	697,950	337,500	48.4%
Subdivision & Consolidation Fees	6,543,644	2,735,000	41.8%
Change of User	1,665,659	423,000	25.4%
Impounding charges	72,382	0	0.0%
Dog Licenses	37,696	0	0.0%
Storage Fee	334,447	0	0.0%
Debts Clearance Certificate Fee	13,150	0	0.0%
Refund of Over Payment	428,436	0	0.0%
Consent to Charge Fee/Property certification Fee (Use as collateral)	88,105	0	0.0%

REVENUE.	ANNUAL BUDGETED 2020-2021 KSHS.	GRAND TOTALS 2020-2021 KSHS.	% Collection
Imprest	305,939	119,000	38.9%
Other Property Charges	2,584,314	2,162,850	83.7%
Sand, Gravel, and Ballast Extraction Fees	662,668,963	538,204,322	81.2%
Incidental Charges	33,313	117,000	351.2%
Tender Documents Sale	5,260	0	0.0%
Hotel Levy	33,294,404	23,132,140	69.5%
Social Hall Hire	8,400,000	1,635,300	19.5%
Hire of County Grounds	5,000,000	26,000	0.5%
Sewer Connection Charge	4,383	0	0.0%
County Vehicles Hire	326,079	202,000	61.9%
Fire Inspection Fees	15,076,844	2,000	0.0%
Fire-Fighting Services	8,068,364	5,421,000	67.2%
Land Scape Scheme	21,306,899	0	0.0%
Buildings Plan Preparation Fee	1,982,941	8,336,354	420.4%
Buildings Plan Approval Fee	64,084,372	114,727,542	179.0%
Demolition of Structures	742,095	690,600	93.1%
Receipts from Administrative Fees and Charges	875,441,524	702,449,704	80.2%
Business Permits, Current Year	733,643,241	476,994,281	65.0%
Business Permits Late Payment Penalties, Current Year		400	
Business Permits, Other Years (Including Penalties)	1,629,254	38,488,655	2362.3%
Business Permits / Cesses	735,272,495	515,483,336	70.1%
Plot Transfer Fee	17,360	0	0.0%
Document Search Fee	3,829	1,000	26.1%
Allottees Documents	33,764	1,000	3.0%
Instalment Fee (HDD Scheme)	140,525	0	0.0%
Annual Ground Rent (HDD Scheme)	2,933,126	3,762,158	128.3%
Plots Charges (HDD Scheme)	16,206,075	2,774,429	17.1%
Survey Fee	23,933	0	0.0%
Plot Rents	19,358,612	6,538,587	33.8%
03020205 Mackinnon Market			
Market Stalls Rent	2,235,050	0	0.0%
03020305 Makupa Market			
Market Stalls Rent	1,173,270	0	0.0%
03020405 Mombasa Wholesale market			
Market Entrance / Gate Fee	267,523,007	5,040,534	1.9%
Market Stalls Rent (Rental store w/s mkt)	11,380,135	22,903,368	201.3%

REVENUE.	ANNUAL BUDGETED 2020-2021 KSHS.	GRAND TOTALS 2020-2021 KSHS.	% Collection
Off loading	2,319,848	608,201	26.2%
Hawking Fee	19,993,940	5,294,388	26.5%
03020505 Magongo Market			
Market Stalls Rent	807,550	4,000	0.5%
03020605 Likoni Open Air Market			
Market Stalls Rent	207,800	5,000	2.4%
03020705 Port Tudor, Kongowea & Likoni Market			
Market Stalls Rent	131,650	0	0.0%
03020805 Sega Market			
Market Stalls Rent	1,311,400	0	0.0%
03020905 Chaani Open Air Market			
Market Stalls Rent	1,011,400	0	0.0%
03021005 Mikindani Market			
Market Stalls Rent	267,100	0	0.0%
03021105 Mwembe Tayari Market			
Market Stalls Rent	1,155,855	0	0.0%
03021205 Kisauni Retail Stall Market			
Market Stalls Rent	2,913,075	0	0.0%
Sales of Market Establishments	312,431,080	33,855,491	10.8%
Drainage Certificate Charges	30,442	10,000	32.8%
Road Cutting Application Fees	31,820	170,000	534.3%
Other Vehicles Enclosed Park Fees (Cars, lorries, etc.)	533	4,600	862.6%
Street Parking Fee	364,678,238	199,717,674	54.8%
Storage Fee	0	16,390,700	
Towing Fee.	52,332	0	0.0%
TLB Matatu Levy	80,321,595	166,681,000	207.5%
Right-of-way / Wayleave Fee (KPLN, Telkom, etc.)	35,891,897	53,098,083	147.9%
Vehicle Parking Fees	481,006,857	436,072,057	90.7%
Housing Estates Monthly Rent	29,208,993	40,832,765	139.8%
Housing	29,208,993	40,832,765	139.8%
Decorations Adverts on Vehicle	0	45,050	
Fisheries Permits	0	19,788	
Sign Boards & Advertisement Fee	80,664,188	116,618,835	144.6%
County Vehicle Hire	459,500	0	
Horticulture Consultation Fee	239,200	263,400	110.1%
Livestock Certificates	521,922	196,610	37.7%
Livestock Permits	4,100	3,832	93.5%

REVENUE.	ANNUAL BUDGETED 2020-2021 KSHS.	GRAND TOTALS 2020-2021 KSHS.	% Collection
Slaughter Licenses	10,000	22,500	225.0%
Vaccination (Dogs, Horses, Camels)	3,000	1,500	50.0%
Dog Licenses	182,000	109,000	59.9%
Cooperative Audit Charges	555,900	235,915	42.4%
Approval (Egg incubators, Kennel, Piggery, Poultry)		18,082	
Cemeteries Charges	924,700	753,500	81.5%
07031405 Refuse Disposal (Nguu Tatu)	0	0	
Garbage Dumping Fee	4,498,000	2,845,000	63.3%
Refuse Collection Fee	169,000	0	
Environment and Conservancy Administration	88,231,510	121,134,012	137.3%
Inspection Schools for Registration	9,559,000	0	0.0%
Other Education Related Fees	9,559,000	0	0.0%
Sundry Income	197,337,284	0	0.0%
07021305 Kongowea Health Centre			
Premises Inspection Fees	460,662,716	586,428,239	127.3%
07021905 Public Health Offices			
Meat and poultry		669,915	
Cost Sharing Services			
Other Health and Sanitation Revenues	668,000,000	587,098,154	89.2%
Court Fines	30,180,981	1,348,985	4.5%
Cash Bail	4,672,187	871,500	18.7%
Fines Penalties and Forfeitures	34,853,168	2,220,485	6.4%
COUNTY OWN REVENUE	4,574,862,473	3,314,532,178	72.5%

REVENUE ANALYSIS FOR 2020/2021 FY

14. The County realized Kshs 3,314,532,178 being 73 percent of the budgeted local revenue of Kshs. 4,574,862,473. The total revenue collected was Kshs 11,377,246,941 being 83 percent of the total budgeted revenue of Kshs. 13,750,000,000 of which Kshs 8,062,714,763 was total exchequer issues of Kshs 1,004,764,763 transfers from other National Government entities including budgeted grants and donor funding. Equitable National share amounted to Kshs 7,057,950,000 which was 95 percent of the County allocation.
15. There was a slight increase in own source revenue collection of Ksh 55 million which has been on a progressive increase since devolution of half a billion Kshs which has majorly been contributed by the effects of the looming COVID-19 Pandemic. The County realized 3.3B which is 73% of the projected revenue of 4.6B.
16. The County received Donor Funding from DANIDA of Kshs. 20,070,000, Health Conditional Grants of Kshs. 388,439,309, Road Maintenance Levy Grant of Kshs. 218,916,458, World Bank-KDSP Level I, Kshs. 45,000,000, World Bank-THUSCP, Kshs. 23,385,934 user fees forgone, Kshs. 51,996,243, Water and Sanitation Development Project, Kshs. 228,221,154, Kshs. 18,484,894, Conditional Allocation for development of Youth Polytechnics and a Grant of Kshs. 10,250,771 for Agriculture Sector Support Program II.

Expenditure

17. Total expenditure amounted to Kshs. 10,889,466,230 against a target of Ksh 13,750,000,000 representing an under spending of Kshs. 2,860,533,770. (Or 21 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.
18. The County has maintained a 79% absorption rate while having an increase in absolute figure of over 800M in budget implementation.
19. Recurrent expenditure was 90% amounting 8.7 billion which comprised of personnel emoluments, operations and maintenance.
20. Development expenditure was Kshs 2.2 Billion compared to a target of Kshs 4.1 Billion. This represented an under-spending of approximately Kshs 1.9 Billion (or 46 percent deviation from the approved development expenditure). The underperformance in development expenditure was majorly contributed by unrealized local revenue due to the Covid-19 pandemic 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 79 percent of the overall budget.
23. The County had a fiscal deficit of Kshs. 2.9 Billion to finance which was attributed to unrealized revenues.

Implication of 2020/21 fiscal performance on the set financial objectives

24. The performance in the FY 2020/21 has affected the financial objectives set out in the latest CFSP and the Budget for FY 2021/22 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. It is worth noting that this CBROP is being prepared amidst an unprecedented situation of the global Covid-19 pandemic which has brought about major economic and social disruptions. Jobs and lives have been lost and businesses have been closed globally and throughout the country.
28. The looming Covid – 19 pandemic has therefore necessitated the County Government of Mombasa to come up with a Socio-Economic reengineering stimulus program to mitigate the negative effects of the pandemic. This formidable strategy will boost economic growth and lead the economy out of a recession or economic slowdown onto a clear path to economic recovery.
29. 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.
30. 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.
31. While we expect the economy to remain resilient, our projections remain cautious. We expect the revenue growth to be on an upward trend in 2021/22 henceforth from all the revenue streams.
32. 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.

Table 8 and 9 provides comparison between the updated Revenue Projections for the FY 2021/22- 2023/24 and in the medium term.

Revenue Stream	Budgeted 2021/22	Projected 2022/23	Projected 2023/24
Road maintenance fees	231,914,493	55,010,218	57,760,729
Advertisement income	120,664,188	80,997,397	85,047,267
Parking fees	579,006,857	412,537,360	433,164,228
Fire brigade & ambulance fees	94,572,460	69,755,025	73,242,776
Total	1,026,157,998	618,300,000	649,215,000
Plot rent & related charges	19,358,612	20,326,543	21,342,870
Development control income	81,927,203	76,023,563	79,824,741
Structural Submission/Approval Fees	120,000,000	31,580,324	33,159,340
Land rates and related fees	951,242,723	955,943,300	913,151,965
Housing Estates Monthly Rent	29,208,993	32,815,535	34,456,312
Valuation & Survey Fees	40,772,128	35,310,735	37,076,272
Total	1,242,509,659	1,152,000,000	1,119,011,500
Stadium & Other Playing Fields	5,000,000	5,250,000	5,512,500
Social halls hire	8,400,000	8,820,000	9,261,000
Total	13,400,000	14,070,000	14,773,500
Legal department fees	1,504,731	1,579,968	1,658,966
General enforcement charges	5,630,146	5,911,654	6,207,237
Court Fines	30,180,981	22,508,378	23,633,797
Total	37,315,859	30,000,000	31,500,000
Hotel Levy	37,294,404	13,959,124	14,657,080
Sand, Gravel, and Ballast Extraction Fees	795,448,650	643,527,779	675,704,168
Market collection	422,431,080	304,802,634	320,042,766
Business permit fees	590,950,017	537,710,463	564,595,986
Total	1,846,124,151	1,500,000,000	1,575,000,000
Registration of Child Care Facilities	9,559,000	11,000,000	11,550,000
Total	9,559,000	11,000,000	11,550,000
Meat Inspection/Permit	2,300,000	3,100,000	2,205,000
Boat Operations	3,700,000	4,570,000	3,745,000
Total	6,000,000	7,670,000	5,950,000
Tender Documents Sale	1,413,164	5,817,209	1,558,013
Financial related income	5,850,277	11,142,791	6,441,987
Total	7,263,441	16,960,000	8,000,000
Clinic cost sharing charges & Other services	778,000,000	700,000,000	735,000,000
Total	778,000,000	700,000,000	735,000,000
Total Local Revenue	4,966,330,107	4,050,000,000	4,150,000,000

Table 10: Updated Departmental Ceilings against CFSP' 20 Projections, 2020/21-2022/23

S/NO	DEPARTMENTS	Approved Budget FY 2020/2021	Final Budget FY 2020/2021	Budgeted 2021/22	Projected 2022/2023
3011	The Executive	353,392,288	230,273,496	356,491,789	360,000,000
3012	County Assembly	658,609,194	758,609,194	779,254,392	659,000,000
3013	Public Service Board	121,377,889	71,263,661	130,000,000	130,000,000
3014	Finance and Economic Planning	1,014,007,043	1,393,582,640	634,128,550	910,000,000
3015	Energy, Environment and Waste Management	612,507,149	597,414,184	612,000,000	615,000,000
3016	Education & Information Technology	661,158,345	554,766,799	596,000,000	646,000,000
3017	Health Services	3,225,659,735	2,821,451,165	3,271,787,854	3,400,000,000
3018	Water, Environment and Natural Resources	128,861,433	91,641,252	130,000,000	130,000,000
3019	Youth, Gender, Sports and Cultural Affairs	430,379,042	284,984,886	400,000,000	300,000,000
3020	Trade, Tourism and Investments	458,875,184	430,288,541	445,160,775	350,000,000
3021	Land, Planning, Housing and Urban Renewal	346,776,432	403,728,629	273,000,000	270,000,000
3022	Transport, Infrastructure and Public Works	558,548,738	437,917,887	510,000,000	560,000,000
3023	Agriculture, Fisheries, Livestock and Co-Operatives	282,930,223	183,437,890	273,499,950	250,000,000
3026	Devolution and Public Service Administration	856,155,411	1,427,608,217	906,176,640	920,000,000
REC	Total	9,709,238,107	9,686,968,442	9,317,499,950	9,500,000,000
S/NO	DEPARTMENTS	Approved Budget FY 2020/2021	Final Budget FY 2020/2021	Budgeted 2021/22	Projected 2022/2023
3011	County Executive	22,424,673	-	30,000,000	25,000,000
3012	County Assembly	25,773,748	25,773,748	200,000,000	30,000,000
3013	Public Service Board	11,637,280	1,998,000	20,000,000	20,000,000
3014	Finance & Economic Planning	415,537,693	408,278,166	326,500,050	350,000,000
3015	Energy, Environment & Waste Management	365,372,081	143,779,427	305,000,000	305,000,000
3016	Education & Information Technology	311,329,356	132,289,703	431,000,000	300,000,000
3017	Health Services	451,641,776	328,078,107	370,000,000	320,000,000
3018	Water, Sanitation & Natural Resources	1,350,225,704	1,137,274,448	1,100,000,000	1,200,000,000
3019	Youth, Gender, Sports and Cultural Affairs	485,595,266	349,056,030	500,000,000	500,000,000
3020	Trade, Tourism & Investment	350,056,936	119,583,214	400,000,000	380,000,000
3021	Land, Planning, Housing and Urban Renewal	171,329,963	252,515,596	480,000,000	180,000,000
3022	Transport, Infrastructure and Public Works	668,855,896	1,095,059,077	680,000,000	750,000,000
3023	Agriculture, Fisheries, Livestock and Co-operatives	200,015,626	40,044,592	230,000,000	250,000,000
3026	Devolution & Public Service Administration	95,545,582	29,301,449	110,000,000	90,000,000
Dev	TOTAL	4,925,341,580	4,063,031,557	5,182,500,050	4,700,000,000

	DEPARTMENTS	Approved Budget FY 2020/2021	Final Budget FY 2020/2021	Budgeted 2021/22	Projected 2022/2023
3011	The Executive	375,816,961	230,273,496	386,491,789	385,000,000
3012	County Assembly	684,382,942	784,382,942	979,254,392	689,000,000
3013	Public Service Board	133,015,169	73,261,661	150,000,000	150,000,000
3014	Finance & Economic Planning	1,429,544,736	1,801,860,806	960,628,600	1,260,000,000
3015	Energy, Environment & Waste Management	977,879,230	741,193,611	917,000,000	920,000,000
3016	Education & Information Technology	972,487,701	687,056,502	1,027,000,000	946,000,000
3017	Health Services	3,677,301,511	3,149,529,272	3,641,787,854	3,720,000,000
3018	Water, Sanitation & Natural Resources	1,479,087,137	1,228,915,700	1,230,000,000	1,330,000,000
3019	Youth, Gender, Sports and Cultural Affairs	915,974,308	634,040,916	900,000,000	800,000,000
3020	Trade, Tourism & Investment	808,932,120	549,871,755	845,160,775	730,000,000
3021	Land, Planning, Housing and Urban Renewal	518,106,395	656,244,225	753,000,000	450,000,000
3022	Transport, Infrastructure and Public Works	1,227,404,634	1,532,976,965	1,190,000,000	1,310,000,000
3023	Agriculture, Fisheries, Livestock and Co-operatives	482,945,849	223,482,482	503,499,950	500,000,000
3026	Devolution and Public Service Administration	951,700,994	1,456,909,667	1,016,176,640	1,010,000,000
Grand	TOTAL	14,634,579,687	13,750,000,000	14,500,000,000	14,200,000,000

Updated Expenditure Projections against CFSP' 20 Projections, 2020/21- 2022/23

33. 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 2021, the financial objectives contained in the latest CFSP, to reflect the changed circumstances.
34. 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.
35. Domestically, the economy continues to be exposed to risks arising from the Covid 19 pandemic, operationalization of the SGR and the transfer of port related activities from the county.
36. 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.
37. The fiscal framework for the financial year 2021/22 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.
38. To achieve this, the Government endeavors to prioritize expenditure in provision of safe potable water, quality health services, modernized education institutions, improved infrastructure, sanitation and waste management, social protection as well as youth and gender empowerment. The overall objective of this is to realize sustainable, shared and equitable growth that would in return lead to accelerated job creation and improved livelihoods for the citizenry.

V. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

a. Recent Economic Developments

Global Economic Performance

39. The CBROP has been prepared against a background of a projected global economic recovery amidst the uncertainty related to the COVID-19 mutations particularly the Delta variant that could require broader reinstatement of the containment measures that could aggravate the already devastated global economy. As a result, the global economy is projected to grow at 6.0 percent from a contraction of 3.2 percent in 2020.
40. The economic prospects however, vary across countries with the emerging markets and developing economies expected to pick up slowly compared to advanced economies given different county policy responses to the pandemic.
41. The economic growth in the sub- Saharan Africa region is projected at 3.4 percent in 2021 from a contraction of 1.8 percent in 2020 due to improved exports and commodity prices, and the rollout of vaccination programmes. This growth will also be supported by a recovery in both private consumption and investment as economies re-open. However, the recent increase in infection rates in sub- Saharan Africa are expected to weigh down the region's recovery in 2022.

Domestic Economic Performance

GDP Growth

42. In 2020, the Kenyan economy was adversely affected by the outbreak of COVID-19 pandemic and the swift containment measures, which disrupted economic activities. Additionally, Kenya faced two other shocks: The invasion of swarms of desert locusts that damaged crops and floods following receipt of above normal rainfall in May 2020 which slowed the economic growth in 2020.
43. In the first three quarters of 2020 the economy contracted by an average of 0.4 percent compared to an average growth of 5.3 percent over the same period in 2019. The decline was largely characterized by contractions in the service sectors especially accommodation and restaurant (45.1 percent), Education (31.2 percent), Wholesale and retail trade (1.3 percent) and transport and storage (0.9 percent) subsectors. The performance in the third quarter of 2020 was relatively better compared to the second quarter of 2020 due to partial easing of the COVID-19 containment measures.
44. The Kenyan economy is projected to rebound in 2020 to 6.6 percent from an earlier projection of 7.0 in the 2021 budget policy statement. The downward revision has been necessitated by the

impact of the containment measures between March and July period as a result of the third wave of the COVID-19 pandemic.

45. The outlook in 2021 will be reinforced by the prevailing stable macroeconomic environment and the ongoing implementation of the strategic priorities of both levels of Governments under the “Big Four” Agenda, the Socio- Economic Recovery Strategy and other priority programmes as outlined in the Third Medium Term of Vision 2030.

Inflation Rate

46. Year-on-year overall inflation has remained low, stable and within the policy target range of 5+/-2.5 percent since end 2017 demonstrating prudent monetary policies. The inflation rate increased in July 2021 but remained within the target range at 6.4 percent from 4.4 percent in July 2020, mainly on account of higher food and fuel prices.
47. The food inflation remained the main driver of the overall inflation in July 2021, contributing 3.5 percent points, an increase, compared to a contribution of 2.4 percentage points in July 2020. This increase was reflected due to favourable weather conditions which resulted to an increase in the prices of key food items such as cabbages, spinach, Sukuma wiki and cooking oil. Fuel inflation contributed 1.9 percent points to overall inflation in July 2021 compared to 1.2 percent points in July 2020 following a surge in international oil prices thus reflecting higher electricity costs and increased fares attributed to a rise in petrol prices.
48. The contribution of core inflation to overall inflation has been low and stable consistent with the muted demand pressures in the economy on account of prudent monetary policies. The contribution of core inflation to overall inflation rose marginally to 1.0 percentage points in July 2021 from 0.6 percentage points in June 2020, reflecting a pick-up in economic activity.
49. Kenya’s rate of inflation compares favourably with the rest of Sub-Saharan Africa countries. In July 2021, Kenya recorded a lower inflation rate than Ghana, Burundi, Nigeria, Zambia, and Ethiopia.

Kenya Shilling Exchange Rate

50. The foreign exchange market has largely remained stable but partly affected by tight global financial conditions attributed to uncertainty with regard to the COVID-19 pandemic. The Kenyan shilling to the US Dollar exchanged at Ksh 108.1 in July 2021 compared to Ksh 107.3 in July 2020.
51. In comparison to most Sub-Saharan Africa currencies the Kenya Shilling has remained relatively stable weakening by 1.3 percent against the US Dollar. This depreciation in Kenya Shilling was lower than the depreciation in Rwanda Franc, Nigerian Naira, Mauritius Rupee, and Burundi

Franc. The stability in the Kenyan shilling was supported by increased remittances, adequate foreign exchange reserves and favorable horticultural exports of fruits, vegetable and cut flowers.

b. Medium Term Economic Outlook

Global Growth Outlook

52. The global economic recovery continues to strengthen, largely supported by gradual reopening of economies, relaxation of COVID-19 restrictions particularly in the major economies, ongoing deployment of vaccines, and strong policy measures. Nevertheless, the outlook for global growth remains highly uncertain, due to the resurgence of infections, the reintroduction of containment measures, and the uneven pace of vaccines across the globe. As such, global growth is projected to grow at 6.0 percent in 2021, moderating to 4.9 percent in 2022 from the contraction of 3.2 percent in 2020.
53. Global growth is expected to moderate to 3.4 percent over the medium term reflecting projected damage to supply potential and forces that preceded the pandemic, including slower labour force growth due to aging population in advanced economies and some emerging market economies. The emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses.
54. The Sub-Saharan African region has not been spared the negative effects of the pandemic with the region estimated to have contracted by 1.8 percent in 2020. Consistent with forecast in other regions, economic growth in the region is expected to recover to 3.4 percent in 2021 and 4.1 percent in 2022 supported by improved exports and commodity prices along with a recovery in both private consumption and investment. However, per capita output is not expected to return to 2019 levels until after 2022.

Domestic Growth Outlook

55. On the domestic scene, prior to the outbreak of Covid-19 pandemic, Kenya's economy was strong and resilient despite the challenging global environment. Like the rest of the world, the domestic economy was not spared from the adverse impact of the Pandemic in FY 2020/21. As such, economic growth is estimated to have slowed down in FY 2020/21. However, growth is expected to rebound to 6.2 percent in FY 2021/22 and above 6.0 percent over the medium term.
56. This outlook will be reinforced by the prevailing stable macroeconomic environment and the ongoing implementation of the strategic priorities of the Government under the "Big Four" Agenda and Economic Recovery Strategy. Weather conditions are expected to be favourable supporting agricultural output. As a result, export of goods and services will expand as global

demand normalizes. These factors will push up consumer demand and increase both public and private sector investment reinforcing the projected growth. The economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) of the Vision 2030 as well as the County's Integrated Development Plan for the same period.

Monetary Policy Outlook

57. The main objective of monetary policy, over the medium term will be to maintain price stability with overall inflation expected to remain with the target range. The Central Bank of Kenya will continue to monitor developments in the money and foreign exchange market and take appropriate measures in the event of adverse shocks.
58. Fiscal policy over the medium-term aims at enhancing revenue mobilization, expenditure rationalization and strengthening management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects. This is geared towards economic recovery to support sustained, rapid and inclusive economic growth, safeguard livelihoods and continue the fiscal consolidation programme to create fiscal space for the implementation of the “Big Four” Agenda.

Fiscal Policy Outlook

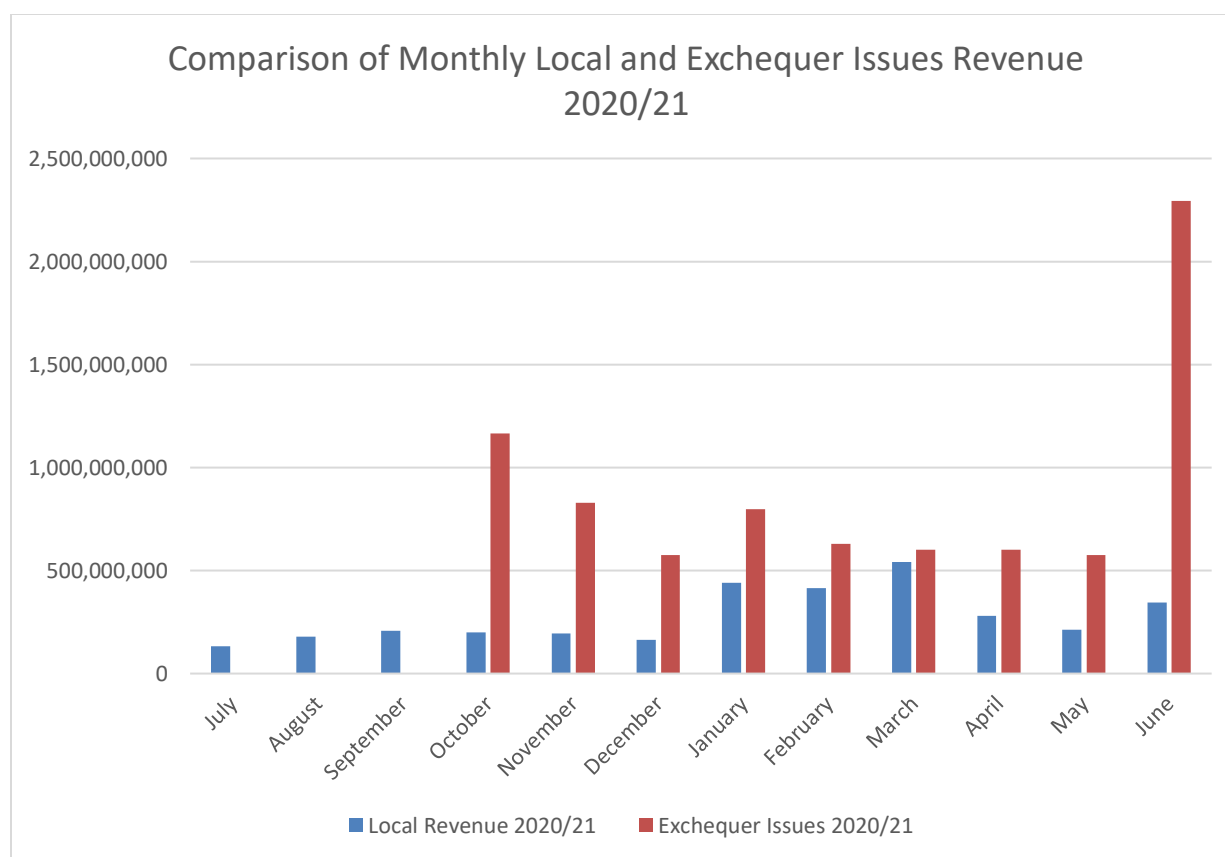
59. The revenue projections over the medium term takes into account the consistent decline in the share of revenue to GDP in the last five years, the negative impact of the Covid-19 pandemic on revenue collection and the impact of personal and corporate income tax relief extended to individuals and businesses to mitigate the impact of the pandemic. As such, the Government will take a cautious and realistic revenue projections for FY 2021/22 and the medium term to manage expectations and improve budget credibility. Fiscal policy over the medium-term aims at enhancing revenue mobilization and strengthen management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects.

Recent Economic Developments in the County

60. Growth in the local revenue remained resilient during the first three quarters with the highest collection being in the third quarter, however the collection dipped in the fourth quarter. In terms of the development agenda in the 2020/21 FY, most of the projects could not be undertaken due to the cash crunch thus have been reprioritized in the next FY and beyond.
61. On the development front in infrastructure, the movement of goods and people around the country have been subsidized due to the expansion of most roads, seaports and airports. On the

Standard Gauge Railway (SGR), the Government completed the construction of Phase 1 (Mombasa - Nairobi) in 2017. The railway has significantly reduced transportation costs and eased the movement of people and goods from Nairobi to Mombasa, there has also been reduction in traffic congestion to and from the port area although unfortunately there has been some negative implications due to loss of livelihoods for most residents, transporters, clearing and forwarding agencies and container freight services who have had to close or relocate their businesses.

62. On the blue economy, the County Government targets to significantly expand fishing to 18,000 metric tonnes of fish annually from the current 2,500 metric tonnes. To facilitate the development of the blue economy, the Government has strengthened enforcement measures to curb illegal fishing activities along Kenya's Indian Ocean territory by commissioning and operationalization of the Kenyan Coast Guards, suspending of the fishing licenses of all international trawlers operating in Kenya's territorial waters until they comply with the local input requirement; continuous clean-up of the ocean; and advocating for enhanced processing before export to improve value of fish and marine products and removal of structural bottlenecks in the sector.
63. 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.
64. 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.
65. 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.
66. 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.

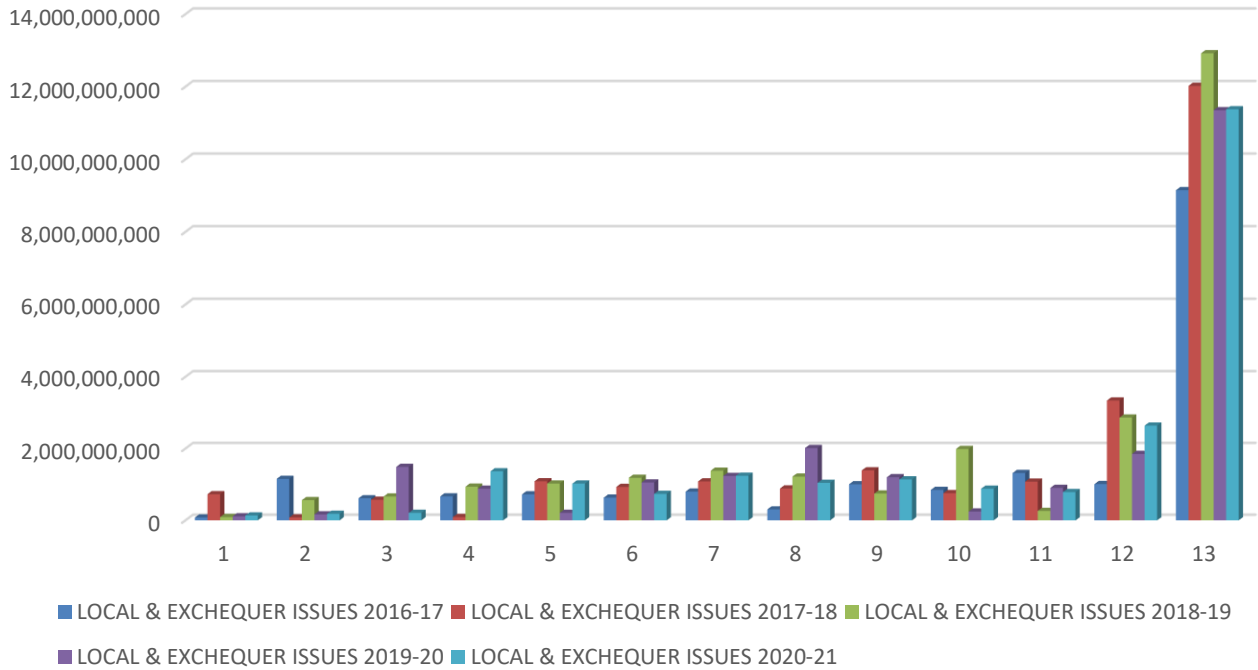


Growth in Revenue remains resilient but downside risks remain

Table 11: MONTHLY GRAPHICAL COMPARISON FOR LOCAL & EXCHEQUER ISSUES FOR THE FY 2016/17-2020/21

Month	LOCAL & EXCHEQUER ISSUES 2016-17	LOCAL & EXCHEQUER ISSUES 2017-18	LOCAL & EXCHEQUER ISSUES 2018-19	LOCAL & EXCHEQUER ISSUES 2019-20	LOCAL & EXCHEQUER ISSUES 2020-21
July	78,327,409	726,919,531	91,417,758	110,950,638	133,177,640
August	1,155,330,121	79,974,633	562,614,570	164,898,523	180,063,924
September	614,169,921	572,245,325	663,072,153	1,489,323,234	207,752,314
October	666,800,635	91,999,794	936,888,254	879,204,649	1,365,540,619
November	722,067,323	1,087,117,176	1,023,583,115	208,062,247	1,023,223,263
December	631,961,413	931,127,740	1,185,688,810	1,052,811,632	737,461,308
January	799,675,647	1,084,658,019	1,381,624,607	1,235,895,538	1,240,116,309
February	303,286,028	885,758,740	1,217,967,692	2,014,233,704	1,044,554,398
March	1,003,791,146	1,390,148,888	745,066,240	1,199,408,214	1,141,507,952
April	847,054,039	755,912,531	1,988,001,486	243,403,040	880,176,898
May	1,316,671,337	1,078,311,363	262,880,622	902,535,020	786,713,182
June	1,008,792,061	3,337,376,949	2,861,280,642	1,849,771,878	2,636,959,134
	9,147,927,080	12,021,550,689	12,920,085,949	11,350,498,317	11,377,246,941

Total Local and Exchequer Issues over Five Fys



Monthly Local & Exchequer Issues for Five Financial Years

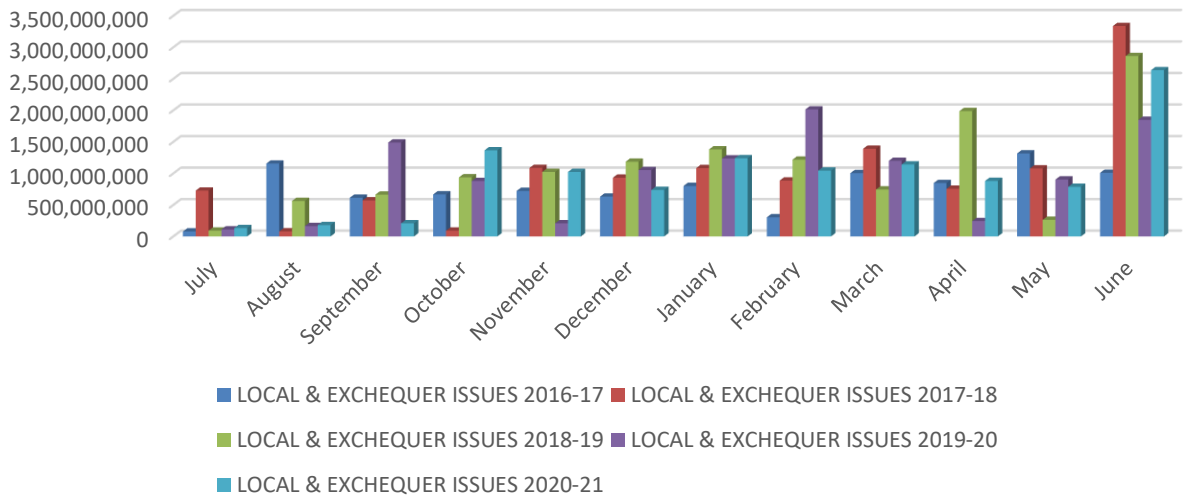


Table 12: GRANTS DISBURSED TO THE COUNTIES FROM 2016/17- 2020/21 FINANCIAL YEARS

GRANTS DISBURSED TO THE COUNTY						
Grant Details	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	Total
Level 5 Hospital Grant	369,942,197	388,439,306	388,439,306	388,439,306	388,439,308	1,923,699,423
Leasing of Medical Equipment Grant	35,823,495	-	-	-	-	35,823,495
User Fees Forgone	23,514,312	23,514,312	23,385,934	23,385,934	23,385,934	117,186,426
Free Maternal Health Care Grant	125,722,505	-	-	-	-	125,722,505
DANIDA	3,150,000	23,261,504	27,337,500	24,562,500	20,070,000	98,381,504
World Bank-KDSP Level I	-	49,809,062	-	30,000,000	45,000,000	124,809,062
World Bank KDSP Level II	-	-	259,416,946	-	-	259,416,946
World Bank – Health Grant	-	10,736,032	-	-	-	10,736,032
World Bank-IDA: Transforming Health Systems for Universal Care Project	-	-	27,473,711	33,184,038	51,996,243	112,653,992
IDA(WB)-WSDP	-	-	-	247,584,920	228,221,154	475,806,074
Covid 19 funds	-	-	-	100,168,000	-	100,168,000
Development of Youth Polytechnics	-	30,586,320	-	25,473,298	18,484,894	74,544,512
Agriculture Sector Support Program II	-	-	6,937,481	9,437,481	10,250,771	26,625,733
Road Maintenance Levy Grant	33,345,423	182,073,057	255,997,699	150,258,446	218,916,458	840,591,083
Total	591,497,932	708,419,593	988,988,577	1,032,493,925	1,004,764,762	4,326,164,787

Medium Term Fiscal Framework

67. The County Government will continue to pursue 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 has committed to a 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.
68. Fiscal policy will continue to support County development economic activities while providing a platform for the implementation of the CIDP within a context of sustainable public financing. This process will be strengthened in the FY 2022/23 by encouraging more private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.
69. The growth of the outlook for the calendar year 2021 and the FY 2021/22 and the medium term, will be supported by the stable macroeconomic environment, ongoing investments in strategic priorities of the County Government under the Vision 2035 to compliment the “Big Four” Agenda, the ongoing public investments in infrastructure projects, the Economic Stimulus Program being implemented and the planned Post Covid-19 Economic Recovery Strategy, turn around in trade as economies recover from the Pandemic.
70. 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 2020 with a rejuvenated enforcement mechanism. In addition, the CG will rationalize existing fees and charges incentives, expand the income base and remove exemptions as envisaged in the Constitution.

71. 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.
72. 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

73. There are risks to this macroeconomic outlook emanating from domestic as well external sources. On the domestic front, the emergence of new COVID-19 variants that may require broader reinstatement of containment measures, in the country and its trading partners could lead to renewed disruptions to trade and tourism.
74. Risks from the global economies still relate to persistence of the Covid-19 pandemic and required lockdowns, voluntary social distancing and its effect on consumption, the ability of laid off workers securing employment in other sectors, rising operating cost to make work places more hygienic and safer, reconfiguration of disrupted global supply chains, extent of cross-border spill overs occasioned by weaker external demand and funding shortfalls.
75. Other risks relate to lower agricultural output due to potential adverse weather conditions and continued desert locust infestation in the norther region of the country, which could potentially reduce production of food crops and animal feeds. Additionally, increased public expenditure pressures, particularly wage and other recurrent expenditures would put a strain to the fiscal space.
76. The upside risk to the domestic economy relate to faster than projected rebound in economic activities that would result in higher Government revenue providing fiscal space that would support faster reduction in fiscal deficit and debt accumulation. Additionally, potential lower oil prices in the international market would result in improved terms of trade.
77. On the external side, risks will depend on how the world responds to the health crisis, including whether the new COVID-19 strains are responsive to vaccines. Additionally, growth would be weaker than projected if logistical hurdles in procuring and distributing vaccines especially in emerging market and developing economies will be slow. The delays would allow the new variants to spread, with possibly higher risks of infections among the vaccinated populations. World economies will be shaped by policies taken to limit persistent economic disruptions; the

evolution of financial conditions and commodity prices especially oil in the international market; and, the adjustment capacity of the economies.

78. On the upside, better global cooperation on vaccines could help prevent renewed waves of infection and the emergence of new variants, end the health crisis sooner than assumed, and allow for faster normalization of activity, particularly among emerging market and developing economies. The Kenyan Government continues to monitor the domestic and external environment and will take appropriate policy measures to safeguard the economy against the adverse effects were the risks to materialize.
79. On the National front, risks will emanate from weaker external demand, reduced tourist arrivals and containment measures due the Covid-19 pandemic. In addition, the economy will continue to be exposed to risks arising from public expenditure pressures, particularly wage related recurrent expenditures and the erratic weather-related shocks that could have negative impact on energy generation and agricultural output leading to higher inflation that could slow down growth.
80. The County will embark on the implementation of the Economic Recovery Strategy to return the economy on a stable growth path. Additionally, the diversified nature of our economy continues to offer resilience to any global challenges.
81. 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.
82. The high wage bill continues to be a major challenge in the implementation of the budget. Currently in the 2021/22 financial year the personnel emoluments stand at 37% of the overall county budget which is 2% above the statutory requirement of 35%. Despite the fact that the percentage in personnel emoluments seems to be at a steady trend, there is a continuous increase in absolute figures throughout the FYs. 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 bloated wage bill.
83. Non timely disbursement of funds by the national government and the unfavorable allocation to the County due to the parameters within the third generation formulation by the Commission on Revenue Allocation (CRA) continues to be a challenge as this leads to delay in execution and shelving of planned activities of the County thus compromising service delivery.
84. 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.

85. 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.
86. The fiscal framework for the financial year 2022/23 will entail a deliberate effort to continue exercising prudence in public expenditure management with the principal goal of containing fiscal risks, gradually lowering the fiscal deficit, and adopting austerity measures to deter increase of recurrent expenditures in favor of productive capital spending. To achieve this, the Government endeavors to prioritize expenditure in provision of safe potable water, quality health services, modernized education institutions, improved infrastructure, sanitation and waste management, social protection as well as youth and gender empowerment. The overall objective of this is to realize sustainable, shared and equitable growth that would in return lead to accelerated job creation and improved standards of living for the citizenry.
87. The CG recognizes that further stringent measures need to be put in place to ensure scaling up of revenue collection and mobilization of resources and more efficient production structure. The CIDP 2018-22 which is in its final stretch has articulated key priority measures to accelerate growth, taking into account limited public resources and increased service delivery for improved livelihoods.
88. The Government will monitor the above risks and take appropriate measures to safeguard macroeconomic stability including preparation of supplementary budgets to regularize and align any emerging issues.

VI. RESOURCE ALLOCATION FRAMEWORK

A. Adjustment to 2021/22 Budget

89. Given the performance in 2020/21 and the updated fiscal outlook, the risks to the FY 2021/22 budget include lack of realization of the projected local revenue which will hinder the full implementation of the budget. Expenditure pressures with respect to increased personnel emoluments.
90. In addition, implementation pace in the spending units continues to be a source of concern especially with regard to the development expenditures and uptake of external resources. These risks will be monitored closely and the CG would take appropriate measures in the context of the Supplementary Budget.
91. Adjustments to the 2021/22 budget will take into account actual performance of expenditure so far and absorption capacity in the remainder of the financial year because of the resource constraints, the Government will rationalize expenditures by cutting those that are non-priority. These may include slowing down or reprioritizing development expenditures and increased budgeting for debt resolution.
92. Any review of salaries and benefits for the personnel continues to be conducted by the Salaries and Remunerations Commission (SRC) in accordance with Article 230 of the Constitution and Regulations.
93. On the Revenue side, the County Treasury continues to institute corrective measures to curb the revenue leakages by enhancing compliance and updating of the revenue automation system.
94. Departments are expected to prioritize their expenditure and reallocate funds guided by the priorities during the preparation of the supplementary budget guided by the resource availability.

B. Medium-Term Expenditure Framework

95. Progressively, and in view of the limited resources, MTEF budgeting will entail adjusting non-priority expenditures to cater for the priority sectors. In the Meantime, the resource allocation will be based on the Annual Development Plan and the Fiscal Strategy Paper.
96. The priority social sectors will continue to receive adequate resources in the budget and are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions in their sectors.
97. In this regard, the County Government continues to take decisive steps to harness the implementation of various policies and programmes within the key priorities in the CFSP 2021 as outlined below.
 - ✓ Enhanced health services
 - ✓ Sustainable waste management services
 - ✓ Augment accessibility to safe potable water and sustained food security
 - ✓ Integrated Quality Education, Gender empowerment, Youth & Sports improvement

- ✓ Affordable Housing Services and Land management
 - ✓ Public and onsite Infrastructure development
98. The fiscal framework for the financial year 2022/23 entails a deliberate effort to continue exercising prudence in public expenditure management with the principal goal of containing fiscal risks, gradually lowering the fiscal deficit, and adopting austerity measures to deter increase of recurrent expenditures in favor of productive capital spending.
99. The fundamental pillar of post-Covid-19 Economic Recovery Strategy (ERS) is a sound macroeconomic framework. The other key pillars include accelerated growth in private sector investment; enhanced allocations to strengthen health care systems; supported recovery and growth of MSMEs; full implementation of the ESP; continue harnessing the blue economy; up-scaled investment in infrastructure; facilitate clean, green and resilient growth and better disaster preparedness and management. In addition, the Government will pay greater attention to economic governance, inequality, social cohesion, gender, youth, regional integration, and international cooperation.
100. There is need for urgent responses for addressing the social and economic effects of the Covid-19 pandemic in Mombasa County, in order for the County to recover and be on an upward growth trajectory. In this regard, six (6) pillars have been identified:
- Boosting private sector activity;
 - Policy, legislation and institutional reforms;
 - Strengthening County Government’s preparedness and response to pandemic and disasters;
 - Enhancing ICT capacity for business continuity,
 - Human capital development and
 - Blue Economy.
101. Reflecting the above medium-term expenditure framework, the tables below provide the tentative projected baseline ceilings for the 2022 MTEF, classified by Departments.

Table 13: Medium Term Sector Ceiling 2020/2023 ~ 2023/2024, Ksh Million

S/NO	DEPARTMENTS	Approved Budget 2020/2021	Final Budget 2020/2021	Budgeted 2021/22	Projected 2022/2023	Projected 2023/2024
3011	The Executive	353,392,288	230,273,496	356,491,789	360,000,000	367,200,000
3012	County Assembly	658,609,194	758,609,194	779,254,392	659,000,000	672,180,000
3013	Public Service Board	121,377,889	71,263,661	130,000,000	130,000,000	132,600,000
3014	Finance and Economic Planning	1,014,007,043	1,393,582,640	634,128,550	910,000,000	928,200,000
3015	Energy, Environment and Waste Management	612,507,149	597,414,184	612,000,000	615,000,000	627,300,000
3016	Education & Information Technology	661,158,345	554,766,799	596,000,000	646,000,000	658,920,000
3017	Health	3,225,659,735	2,821,451,165	3,271,787,854	3,400,000,000	3,468,000,000
3018	Water, Environment and Natural Resources	128,861,433	91,641,252	130,000,000	130,000,000	132,600,000
3019	Youth, Gender, Sports and Cultural Affairs	430,379,042	284,984,886	400,000,000	300,000,000	306,000,000
3020	Trade, Tourism and Investments	458,875,184	430,288,541	445,160,775	350,000,000	357,000,000
3021	Land, Planning, Housing and Urban Renewal	346,776,432	403,728,629	273,000,000	270,000,000	275,400,000
3022	Transport, Infrastructure and Public Works	558,548,738	437,917,887	510,000,000	560,000,000	571,200,000
3023	Agriculture, Fisheries, Livestock and Co-Operatives	282,930,223	183,437,890	273,499,950	250,000,000	255,000,000
3026	Devolution and Public Service Administration	856,155,411	1,427,608,217	906,176,640	920,000,000	938,400,000
REC		9,709,238,107	9,686,968,442	9,317,499,950	9,500,000,000	9,690,000,000

S/NO	DEPARTMENTS	Approved Budget 2020/2021	Final Budget 2020/2021	Budgeted 2021/22	Projected 2022/2023	Projected 2023/2024
3011	County Executive	22,424,673	-	30,000,000	25,000,000	25,500,000
3012	County Assembly	25,773,748	25,773,748	200,000,000	30,000,000	30,600,000
3013	Public Service Board	11,637,280	1,998,000	20,000,000	20,000,000	20,400,000
3014	Finance & Economic Planning	415,537,693	408,278,166	326,500,050	350,000,000	357,000,000
3015	Energy, Environment & Waste Management	365,372,081	143,779,427	305,000,000	305,000,000	311,100,000
3016	Education & Information Technology	311,329,356	132,289,703	431,000,000	300,000,000	306,000,000
3017	Health Services	451,641,776	328,078,107	370,000,000	320,000,000	326,400,000
3018	Water, Sanitation & Natural Resources	1,350,225,704	1,137,274,448	1,100,000,000	1,200,000,000	1,224,000,000
3019	Youth, Gender, Sports and Cultural Affairs	485,595,266	349,056,030	500,000,000	500,000,000	510,000,000
3020	Trade, Tourism & Investment	350,056,936	119,583,214	400,000,000	380,000,000	387,600,000
3021	Land, Planning, Housing and Urban Renewal	171,329,963	252,515,596	480,000,000	180,000,000	183,600,000
3022	Transport, Infrastructure and Public Works	668,855,896	1,095,059,077	680,000,000	750,000,000	765,000,000
3023	Agriculture, Fisheries, Livestock and Co-operatives	200,015,626	40,044,592	230,000,000	250,000,000	255,000,000
3026	Devolution & Public Service Administration	95,545,582	29,301,449	110,000,000	90,000,000	91,800,000
Dev	TOTAL	4,925,341,580	4,063,031,557	5,182,500,050	4,700,000,000	4,794,000,000

	DEPARTMENTS	Approved Budget 2020/2021	Final Budget 2020/2021	Budgeted 2021/22	Projected 2022/2023	Projected 2023/2024
3011	The Executive	375,816,961	230,273,496	386,491,789	385,000,000	375,816,961
3012	County Assembly	684,382,942	784,382,942	979,254,392	689,000,000	684,382,942
3013	Public Service Board	133,015,169	73,261,661	150,000,000	150,000,000	133,015,169
3014	Finance & Economic Planning	1,429,544,736	1,801,860,806	960,628,600	1,260,000,000	1,429,544,736
3015	Energy, Environment & Waste Management	977,879,230	741,193,611	917,000,000	920,000,000	977,879,230
3016	Education & Information Technology	972,487,701	687,056,502	1,027,000,000	946,000,000	972,487,701
3017	Health Services	3,677,301,511	3,149,529,272	3,641,787,854	3,720,000,000	3,677,301,511
3018	Water, Sanitation & Natural Resources	1,479,087,137	1,228,915,700	1,230,000,000	1,330,000,000	1,479,087,137
3019	Youth, Gender, Sports and Cultural Affairs	915,974,308	634,040,916	900,000,000	800,000,000	915,974,308
3020	Trade, Tourism & Investment	808,932,120	549,871,755	845,160,775	730,000,000	808,932,120
3021	Land, Planning, Housing and Urban Renewal	518,106,395	656,244,225	753,000,000	450,000,000	518,106,395
3022	Transport, Infrastructure and Public Works	1,227,404,634	1,532,976,965	1,190,000,000	1,310,000,000	1,227,404,634
3023	Agriculture, Fisheries, Livestock and Co-operatives	482,945,849	223,482,482	503,499,950	500,000,000	482,945,849
3026	Devolution and Public Service Administration	951,700,994	1,456,909,667	1,016,176,640	1,010,000,000	951,700,994
Grand	TOTAL	14,634,579,687	13,750,000,000	14,500,000,000	14,200,000,000	14,634,579,687

C. Departments Budgets and Programs Prioritization

102. A key challenge in developing the 2022/23 MTEF budget is the prioritization of resource allocation to pending and ongoing projects.
103. It's also critical to have the CG Departments capacities continuously strengthened in order to enable them perform their assigned functions effectively and efficiently. The key technical Staff need to be deployed and rationalized to streamline the County activities.
104. Extensive work has been done in providing reporting templates and issuance of budget guidelines so as to ensure consistency in reporting and monitoring progress.
105. Strengthening of the Monitoring and evaluation unit in the Finance and Economic Planning Unit and linking up with the Service delivery unit will lead to a harmonized monitoring and evaluation system in the county.

D. 2022/2023 Budget Framework

106. The 2022/23 budget framework is set against the background of the updated medium-term macro-fiscal framework set out above.

Revenue Projections

107. The 2022/23 budget targets local revenue of Kshs 4.7 billion and National Government transfer of 9.5 billion. As noted above, this performance will be underpinned by on-going reforms in revenue policy and revenue administration. As such, total revenue including exchequer issues is expected to be Kshs 14.2 billion.

Expenditure Forecasts

108. In 2022/23, overall expenditures are projected to be 14.2 billion

Departmental Ceilings Analysis: Development & Recurrent FY 2022/23

SUMMARY OF REVENUE AND EXPENDITURE BUDGET 2022/2023							
	CONSOLIDATED REVENUE	PERSONNEL	OPERATIONS & MAINTENANCE	TOTAL RECURRENT	TOTAL DEVELOPMENT	TOTAL EXPENDITURE	%
County Executive		-	360,000,000	360,000,000	25,000,000	385,000,000	2.7
County Assembly		375,697,221	283,302,779	659,000,000	30,000,000	689,000,000	4.9
Public Service Board		66,545,155	63,454,845	130,000,000	20,000,000	150,000,000	1.1
Finance & Economic Planning	14,200,000,000	177,418,692	732,581,308	910,000,000	350,000,000	1,260,000,000	8.9
Environment, Waste Management and Energy		355,632,991	259,367,009	615,000,000	305,000,000	920,000,000	6.5
Education & Information Technology		279,158,574	366,841,426	646,000,000	300,000,000	946,000,000	6.7
Health Services		2,779,022,050	620,977,950	3,400,000,000	320,000,000	3,720,000,000	26.2
Water, Sanitation & Natural Resources		32,633,392	97,366,608	130,000,000	1,200,000,000	1,330,000,000	9.4
Youth, Gender, Sports and Cultural Affairs		108,011,660	191,988,340	300,000,000	500,000,000	800,000,000	5.6
Trade, Tourism & Investment		297,329,811	52,670,189	350,000,000	380,000,000	730,000,000	5.1
Land, Planning, Housing and Urban Renewal		124,767,840	145,232,160	270,000,000	180,000,000	450,000,000	3.2
Transport, Infrastructure & Public Works		270,242,326	289,757,674	560,000,000	750,000,000	1,310,000,000	9.2
Agriculture, Fisheries, Livestock and Co-operatives		134,642,742	115,357,258	250,000,000	250,000,000	500,000,000	3.5
Devolution & Public Service Administration		675,487,041	244,512,959	920,000,000	90,000,000	1,010,000,000	7.1
TOTAL		5,676,589,494	3,823,410,506	9,500,000,000	4,700,000,000	14,200,000,000	100
SURPLUS / (DEFICIT)		40	27	67	33		
REVENUE SOURCES							
Local Revenue	4,700,000,000						
Exchequer Issues	9,500,000,000						
TOTAL REVENUE	14,200,000,000						

VII. CONCLUSION AND WAY FORWARD

109. The fiscal outcome for 2022/23 together with the updated forecast has had ramification of the financial objectives elaborated in the last CFSP 2021.
110. The FY 2022/23 and the Medium-Term budget and fiscal framework projections presented in this CBROP takes into account the expected recovery in the global economy and risks facing our economy such as public expenditure pressures, soaring fuel prices as well as the looming Covid -19 pandemic which may reallocate resources from the productive sectors.
111. There is moderate growth in the overall revenue collection and a decline in overall recurrent expenditure as more resources are allocated to complete the ongoing development projects to ensure full implementation of the 2018-2022 CIDP. These measures take into account the need to maintain fiscal discipline in all levels of the government for maximum return from public resources.
112. The set of policies outlined in this CBROP reflect the changed circumstances and are broadly in line with the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives pursued by the Government as a basis of allocation of public resources.
113. The policies ensure continuity in resource allocation based on prioritized programs that have been earmarked by the government to accelerate growth, employment creation with the ultimate objective of ensuring that all citizens enjoy improved standards of living.
114. The fiscal discipline will be important in ensuring proper management of funds and delivery of expected output. Effective and efficient utilization of funds especially on capacity building on different sectors of the county will be crucial in ensuring that the County gets to deliver on its functions.
115. The policies and sector ceilings annexed herewith will guide the Departments in preparation of the 2022/2023 budget. The CG should scale down its budget and then increase it gradually over the medium term as it expands its revenue base.
116. The ceilings will form inputs into the next County Fiscal Strategy Paper (CFSP) which will be developed in October 2021 as per the revised budget cycle.

ANNEXES

ANNEX 1. COMPARISON OF EXCHEQUER ISSUES AND LOCAL REVENUE COLLECTION BY ON MONTHLY BASIS 2020-2021.

Month	Local Revenue	Exchequer Issues
July	133,177,640	0
August	180,063,924	0
September	207,752,314	0
October	200,978,869	1,164,561,750
November	195,076,359	828,146,904
December	162,790,308	574,671,000
January	441,650,127	798,466,182
February	415,598,494	628,955,904
March	541,582,202	599,925,750
April	280,251,148	599,925,750
May	211,868,868	574,844,314
June	343,741,925	2,293,217,209
Total	3,314,532,178	8,062,714,763

To compare Revenue collection between two major sources

ANNEX 2: COMPARISON OF LOCAL REVENUE BETWEEN FY 2016/2017 TO FY 2020/2021

MONTH	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
JULY	78,327,409	128,948,779	91,417,758	110,950,638	133,177,640
AUGUST	138,978,980	79,974,633	131,852,605	164,898,523	180,063,924
SEPTEMBER	134,037,320	98,958,707	75,372,653	261,239,934	207,752,314
OCTOBER	160,474,776	91,999,794	195,706,353	246,980,210	200,978,869
NOVEMBER	183,999,072	90,326,887	147,841,146	208,062,247	195,076,359
DECEMBER	151,828,812	88,025,962	363,008,810	228,135,477	162,790,308
JANUARY	321,392,757	218,656,932	437,327,591	286,662,913	441,650,127
FEBRUARY	303,286,028	202,052,628	423,072,353	421,502,866	415,598,494
MARCH	469,422,317	677,958,599	745,066,240	634,772,214	541,582,202
APRIL	365,071,728	677,126,092	472,840,320	203,268,450	280,251,148
MAY	328,912,588	254,091,979	208,729,502	161,450,270	211,868,868
JUNE	530,509,174	551,010,104	412,062,041	332,130,650	343,741,925
TOTAL	3,166,240,961	3,168,013,709	3,704,297,372	3,260,008,335	3,314,532,178

To Compare Local Revenue between five fiscal years

ANNEX 3: COMPUTATION OF MONTHLY EXCHEQUER ISSUES BETWEEN FY 2016/2017 TO FY 2020/2021

	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
MONTH	EXCHEQUER ISSUES 2016-2017	EXCHEQUER ISSUES 2017-2018	EXCHEQUER ISSUES 2018-2019	EXCHEQUER ISSUES 2019-2020	EXCHEQUER ISSUES 2020/2021
JULY	0	597,970,752	0	0	0
AUGUST	1,037,748,641	0	430,761,965	0	0
SEPTEMBER	501,676,603	473,286,618	587,699,500	1,228,083,300	0
OCTOBER	518,083,015	0	741,181,901	632,224,439	1,164,561,750
NOVEMBER	558,883,251	996,790,289	875,741,969	0	828,146,904
DECEMBER	501,676,603	843,101,778	822,680,000	824,676,155	574,671,000
JANUARY	478,282,890	866,001,087	944,297,016	949,232,625	798,466,182
FEBRUARY	15,105,000	683,706,112	794,895,339	1,592,730,838	628,955,904
MARCH	577,456,833	712,190,289	0	564,636,000	599,925,750
APRIL	525,787,311	78,786,439	1,515,161,166	40,134,590	599,925,750
MAY	1,111,343,905	824,219,384	54,151,120	741,084,750	574,844,314
JUNE	538,706,387	2,786,366,845	2,449,218,601	1,517,641,228	2,293,217,209
TOTAL	6,364,750,439	8,862,419,593	9,215,788,577	8,090,443,924	8,062,714,763