



COUNTY GOVERNMENT OF MOMBASA  
COUNTY TREASURY

**MOMBASA COUNTY BUDGET**

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**REVIEW AND OUTLOOK PAPER**

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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](mailto:countyfinance@mombasa.go.ke)

The document is also available on the internet at: [www.mombasa.go.ke](http://www.mombasa.go.ke)

## Foreword

The Mombasa County Budget Review and Outlook Paper (CBROP), is set against the backdrop of a contracting global economy 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 2019/2020 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 2020. In this Paper, we will also provide an overview of how the actual performance of the FY 2019/2020 affected the County's compliance with the fiscal responsibility principles and the financial objectives as detailed in the 2020 CFSP.

This is the midterm 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; Revamping of quality and affordable health services, streamlined waste management services, increased accessibility to safe potable water and sustained food security, Provision of inclusive Quality Education, Gender empowerment, Youth & Sports development, Land management and affordable Housing Service and 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 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

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## Abbreviations and Acronyms

ADP	Annual Development Plan
BOPA	Budget Outlook Paper
BPS	Budget Policy Statement
BSP	Budget Strategy Paper
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CG	County Government
CIDP	County Integrated Development Plan
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
SWG <sub>s</sub>	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, 2019/20 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 2020/21 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 2020 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 2019/20, macro-economic projections and the sector ceilings for the FY 2021/22 and the medium-term budget.

The document also provides an overview of how the actual performance of the FY 2019/20 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 2019/20 budget was below target on account of revenue shortfalls and rising expenditure pressures. In particular, the revenue shortfalls in the fourth quarter of the FY 2019/20 was largely due to the Covid-19 Pandemic.

In light of these challenges, revenue collection for the FY 2020/21 is expected to slightly decline while expenditures for the fiscal year have been rationalized to ease funding pressures and create fiscal space.

The outbreak and spread of the Covid-19 Pandemic and the ensuing containment measures have devastated global economies. As a result, the global economy is projected to contract by 4.9 percent in 2020 from a growth of 2.9 percent in 2019 with prospects across countries and regions remaining highly uncertain. Kenya has not been spared. The Pandemic slowed down economic activities in key sectors of the economy in the first quarter of 2020, resulting to a lower growth of 4.9 percent compared to a growth of 5.5 percent in a similar period in 2019. Overall, taking into account the available indicators for second quarter for 2020, the economy is projected to grow by 2.6 percent in 2020 and rebound to 5.3 percent in 2021.

In terms of fiscal years, the economy is projected to grow by 4.0 percent in the FY 2020/21 and 5.9 percent over the medium term.

To cushion businesses and households from the adverse effects of the Pandemic and stimulate economic recovery the Government is implementing a host of measures including the Economic Stimulus Program and is finalizing a Post Covid-19 Economic Recovery Strategy. These measures coupled with the stable macroeconomic environment and the sustained implementation of the “Big Four” Agenda is expected to boost economic recovery.

However, this macroeconomic outlook is not without risks. The risks to this outlook include persistence of the Covid-19 Pandemic. However, the Government will monitor these risks and respond appropriately to mitigate any negative impact on growth.



## 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 2019/20, 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 2019 and the Annual Budget estimates for the 2020-2021 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 2021/22. However, following the fiscal outcome of 2019/20 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 2019/20

6. This section is meant to review how the actual financial performance for the 2019/20 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

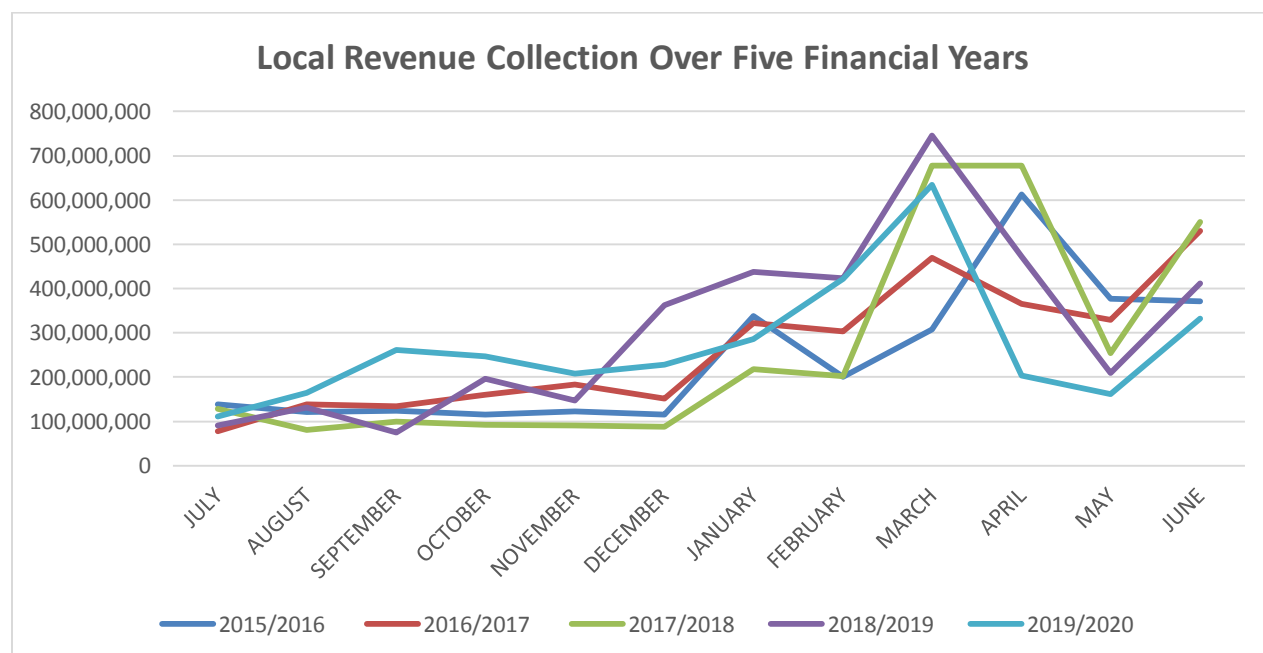
8. During the first three quarters of the financial year 2019/20, our financial projections assumed a normal operating environment having set on a conscious journey of fiscal consolidation targeting a lower fiscal deficit.
9. However, this path was interrupted by the outbreak and the rapid spread of the Covid19 Pandemic. The pandemic did not only worsen revenue performance in FY 2019/20, but will also affect revenue performance in FY 2020/21. In particular, import-related taxes such as import duty, VAT on imports, import declaration fees and railway development levy have been negatively affected due to lower imports and reduction of trade among countries. Further, other domestic taxes have been severely affected by declining incomes and depressed consumption.
10. The fiscal performance at the end hit rock bottom in comparison to all other years since the onset of devolution in terms of revenue trend due to a shortfall in own source revenues that was majorly contributed by the prevailing COVID-19 pandemic and 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.
11. The County was able to realize Kshs. 11,350,452,259 which translates to 83 percent of the supplementary budget of Kshs 13,670,000, 000 out of which 94 percent was recurrent expenditure of Kshs. 8,846,799,715 and 47 percent being development expenditure of Kshs 1,891,011,178 out of the budgeted. In view of the above the County had a 17 percent budget deficit of Kshs. 2,389,852,976.

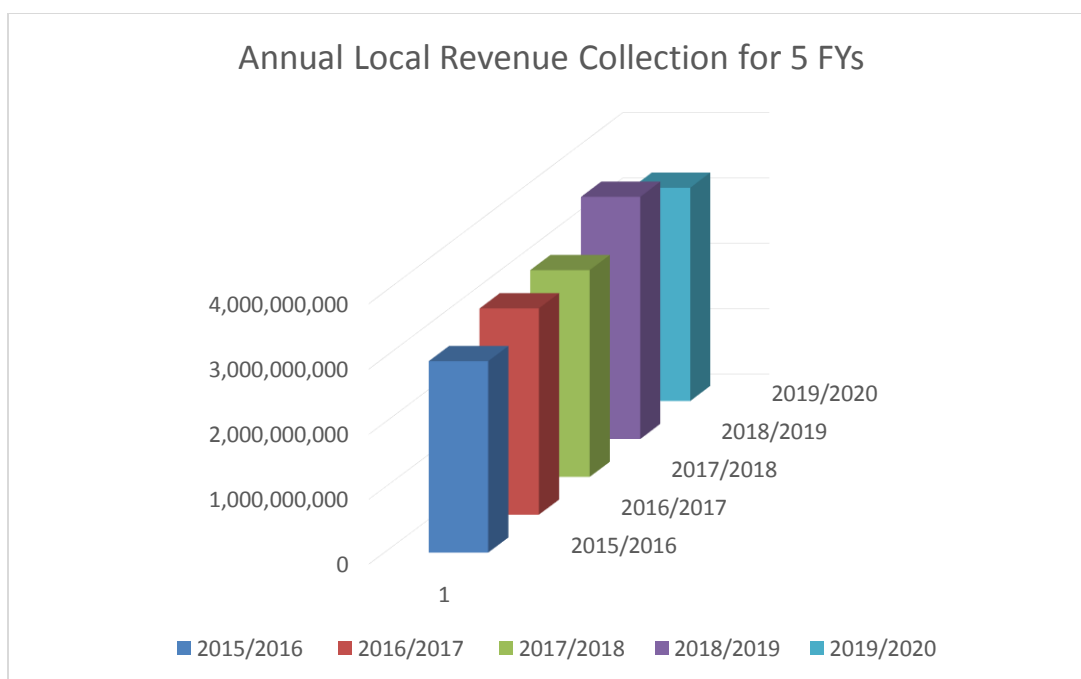
## IV. FISCAL PERFORMANCE FOR 2019/20

### LOCAL REVENUE

**Table 1: Local Revenue Collection Over Five Financial Years**

MONTH	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
JULY	138,888,662	78,327,409	128,948,779	91,417,758	110,950,638
AUGUST	121,870,568	138,978,980	79,974,633	131,852,605	164,898,523
SEPTEMBER	123,410,370	134,037,320	98,958,707	75,372,653	261,239,934
OCTOBER	115,703,161	160,474,776	91,999,794	195,706,353	246,980,210
NOVEMBER	122,057,894	183,999,072	90,326,887	147,841,146	208,062,247
DECEMBER	115,254,598	151,828,812	88,025,962	363,008,810	228,135,477
JANUARY	337,339,057	321,392,757	218,656,932	437,327,591	286,662,913
FEBRUARY	200,260,788	303,286,028	202,052,628	423,072,353	421,502,866
MARCH	308,215,252	469,422,317	677,958,599	745,066,240	634,772,214
APRIL	612,075,951	365,071,728	677,126,092	472,840,320	203,268,450
MAY	376,582,733	328,912,588	254,091,979	208,729,502	161,450,270
JUNE	371,871,652	530,509,174	551,010,104	412,062,041	332,130,650
<b>TOTAL</b>	<b>2,943,530,686</b>	<b>3,166,240,961</b>	<b>3,168,013,709</b>	<b>3,704,297,372</b>	<b>3,260,008,335</b>





Source: Table 1

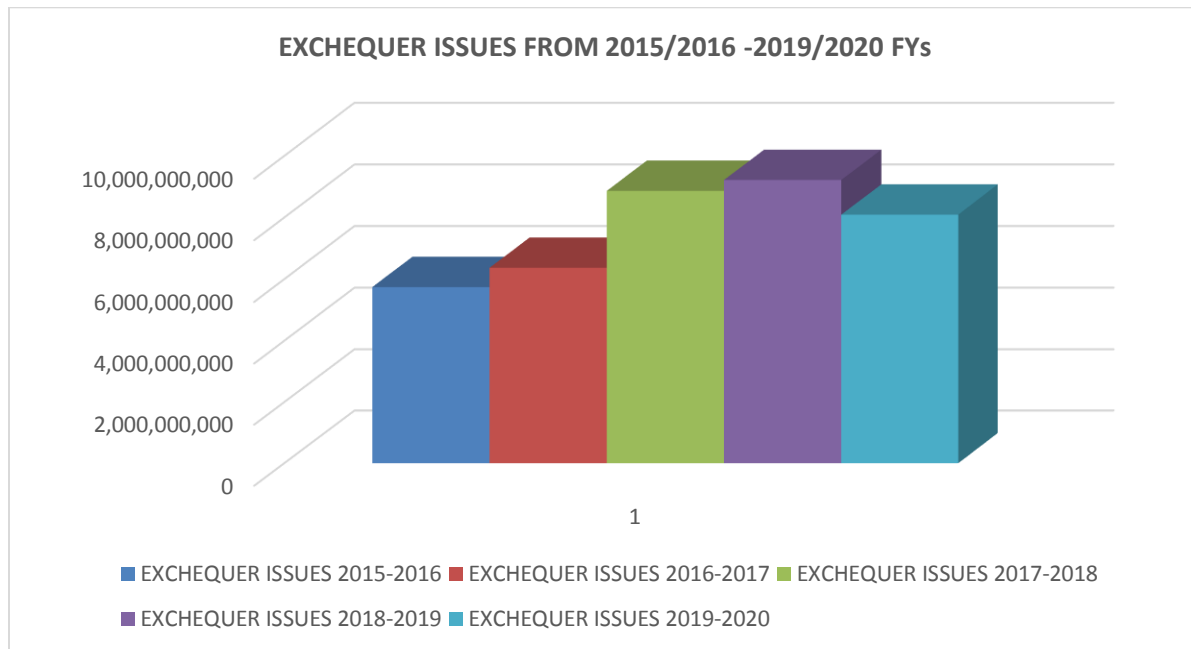
## EXCHEQUER ISSUES

12. Exchequer issues from the National Government increased over the last four financial years and dipped in the 2019/2020 as shown below.

**Table 2: Actual Monthly Exchequer Issues Over Five Financial Years 2015/2016 – 2019/2020**

	KSHS.	KSHS.	KSHS.	KSHS.	
MONTH	EXCHEQUER ISSUES 2015-2016	EXCHEQUER ISSUES 2016-2017	EXCHEQUER ISSUES 2017-2018	EXCHEQUER ISSUES 2018-2019	EXCHEQUER ISSUES 2019-2020
JULY	0	0	597,970,752	0	0
AUGUST	448,064,387	1,037,748,641	0	430,761,965	0
SEPTEMBER	0	501,676,603	473,286,618	587,699,500	1,228,083,300
OCTOBER	957,032,726	518,083,015	0	741,181,901	632,224,439
NOVEMBER	517,858,857	558,883,251	996,790,289	875,741,969	0
DECEMBER	517,237,435	501,676,603	843,101,778	822,680,000	824,676,155
JANUARY	450,078,941	478,282,890	866,001,087	944,297,016	949,232,625
FEBRUARY	448,064,387	15,105,000	683,706,112	794,895,339	1,592,730,838
MARCH	12,399,574	577,456,833	712,190,289	0	564,636,000
APRIL	500,043,327	525,787,311	78,786,439	1,515,161,166	40,134,590
MAY	955,030,610	1,111,343,905	824,219,384	54,151,120	741,084,750
JUNE	933,956,255	538,706,387	2,786,366,845	2,449,218,601	1,517,641,228
TOTAL	5,739,766,499	6,364,750,439	8,862,419,593	9,215,788,577	8,090,443,924

## EXCHEQUER ISSUES FROM 2015/2016 -2019/2020 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 2019/20 and the deviations from the Original and Revised budget estimates.

**Table 3: Departmental %Age 2019-2020 Recurrent expenditure**

S/NO	DEPARTMENTS	Approved Budget FY 2019/2020	Final Budget FY 2019/2020	TOTAL	%age
3011	The Executive	363,392,288	297,659,051	169,522,488	57.0
3012	County Assembly	658,054,009	718,609,109	661,397,987	89.0
3013	Public Service Board	118,831,959	52,657,645	41,923,082	80.0
3014	Finance and Economic Planning	979,521,955	1,830,868,003	1,666,783,516	91.0
3015	Energy, Environment and Waste Management	514,132,378	463,597,343	374,152,255	81.0
3016	Education, Information Technology and Mv. 2035	541,519,644	425,440,904	367,548,514	86.4
3017	Health	2,813,835,534	2,859,048,907	3,252,933,822	114.0
3018	Water, Environment and Natural Resources	121,221,632	23,610,453	18,383,345	78.0
3019	Youth, Gender, Sports and Cultural Affairs	270,276,893	142,160,319	87,112,572	61.3
3020	Trade, Tourism and Investments	465,952,264	273,992,000	233,951,403	85.4
3021	County Planning, Land and Housing	220,154,262	205,404,265	125,847,715	61.3

3022	Transport, Infrastructure and Public Works	435,222,886	405,937,289	354,215,946	87.3
3023	Agriculture, Fisheries, Livestock and Co-Operatives	222,020,925	156,246,584	112,458,685	72.0
3026	Devolution and Public Service Administration	1,015,434,944	1,533,728,097	1,380,568,384	90.0
REC	TOTAL	8,739,571,572	9,388,959,969	8,846,799,715	94.2

## 2019/2020 DEPARTMENTAL DEVELOPMENT EXPENDITURE

S/NO	DEPARTMENTS	Approved Budget FY 2019/2020	Final Budget FY 2019/2020	TOTAL	%age
3011	County Executive	15,098,932	0	1,385,149	0.0
3012	County Assembly	25,773,748	25,773,748	-	-
3013	Public Service Board	11,637,280	6,493,410	300,040	4.6
3014	Finance & Economic Planning	749,954,639	704,995,499	262,652,339	62.4
3015	Energy, Environment & Waste Management	428,372,081	289,412,737	133,453,716	46.1
3016	Education, Information Technology & MV 2035	220,329,356	158,104,684	61,754,154	39.1
3017	Health Services	231,641,776	468,680,701	8,277,088	1.8
3018	Water, Sanitation & Natural Resources	1,550,000,000	522,571,429	264,282,619	50.6
3019	Youth, Gender, Sports and Cultural Affairs	375,595,266	253,550,681	94,155,807	37.1
3020	Trade, Tourism & Investment	151,056,936	120,425,490	52,728,987	43.8
3021	Lands, Housing and Physical Planning	211,329,963	149,146,660	89,114,199	59.7
3022	Transport, Infrastructure and Public Works	657,445,281	1,468,705,571	884,955,055	60.3
3023	Agriculture, Fisheries, Livestock and Co-operatives	211,015,626	78,979,849	29,467,231	37.3
3026	Devolution & Public Service Administration	100,545,582	34,199,572	8,484,793	24.8
	TOTAL	4,939,796,466	4,281,040,031	1,891,011,178	47.6

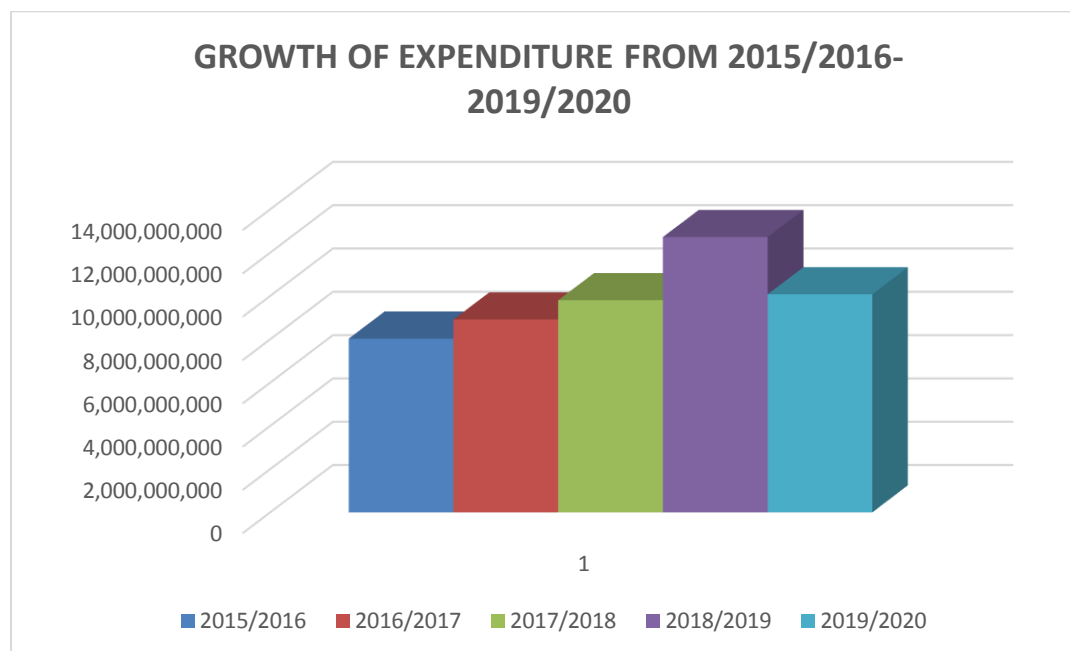
## 2019/2020 TOTAL DEPARTMENTAL EXPENDITURE

	DEPARTMENTS	Approved Budget FY 2019/2020	Final Budget FY 2019/2020	Total Expenditure	%age
3011	County Executive	378,491,220	297,659,051	170,907,637	57
3012	County Assembly	683,827,757	744,382,857	661,397,987	89
3013	Public Service Board	130,469,239	59,151,055	42,223,122	71
3014	Finance & Economic Planning	1,729,476,594	2,535,863,502	1,929,435,855	76
3015	Energy, Environment & Waste Management	942,504,459	753,010,080	507,605,972	67
3016	Education, Information Technology & MV 2035	761,849,000	583,545,588	429,302,668	74
3017	Health Services	3,045,477,310	3,327,729,608	3,261,210,911	98
3018	Water, Sanitation & Natural Resources	1,671,221,632	546,181,882	282,665,964	52
3019	Youth, Gender, Sports and Cultural Affairs	645,872,159	395,711,000	181,268,380	46
3020	Trade, Tourism & Investment	617,009,199	394,417,490	286,680,390	73
3021	Lands, Housing and Physical Planning	431,484,225	354,550,925	214,961,915	61
3022	Transport, Infrastructure and Public Works	1,092,668,167	1,874,642,861	1,239,171,000	66
3023	Agriculture, Fisheries, Livestock and Co-operatives	433,036,551	235,226,433	141,925,916	60
3026	Devolution and Public Service Administration	1,115,980,526	1,567,927,669	1,389,053,177	89
	TOTAL	13,679,368,038	13,670,000,000	10,737,810,894	79.0

**Table 4: GROWTH OF EXECUTIVE EXPENDITURE FROM 2015/2016-2019/2020**

GROWTH OF EXPENDITURE FROM 2015/2016-2019/2020						
S NO.	DEPARTMENTS	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
3011	County Executive	775,487,598	289,680,017	305,472,424	367,868,652	170,907,637
3013	Public Service Board	42,201,643	47,783,171	69,337,345	82,182,927	42,223,122
3014	Finance & Economic Planning	1,777,993,324	2,276,991,615	2,270,755,715	2,724,996,907	1,929,435,855
3015	Environment, Waste Management and Energy	111,733,374	70,677,866	504,702,480	737,985,956	507,605,972
3016	Education, Information Technology & MV 2035	457,102,717	1,033,070,417	469,161,316	452,661,776	429,302,668
3017	Health Services	2,285,276,810	2,532,325,353	2,500,178,693	3,242,469,680	3,261,210,911
3018	Water, Sanitation & Natural Resources	492,269,532	73,447,595	95,072,297	68,635,562	282,665,964
3019	Youth, Gender, Sports & Cultural Affairs	189,016,828	369,715,814	323,768,818	280,429,106	181,268,380
3020	Trade, Tourism & Investment	289,892,019	186,241,760	212,092,539	486,693,687	286,680,390
3021	Lands, Housing & Physical Planning	323,902,738	185,971,683	276,249,787	311,766,515	214,961,915
3022	Transport & Infrastructure & Public Works	1,175,521,171	1,731,846,854	1,871,526,082	2,017,723,065	1,239,171,000
3023	Agriculture, Fisheries, Livestock & Cooperatives	110,007,203	116,645,971	194,126,312	325,189,634	141,925,916
3026	Devolution & Public Service Administration			712,108,321	1,621,225,848	1,389,053,177
	<b>Total</b>	<b>8,030,404,957</b>	<b>8,914,398,116</b>	<b>9,804,552,129</b>	<b>12,719,829,315</b>	<b>10,076,412,906</b>

**GROWTH OF EXPENDITURE FROM 2015/2016-2019/2020**





## DETAILED REVENUE ANALYSIS

**Table 5: TOTAL EXCHEQUER ISSUES 2019-2020**

Revenue Item	Annual Budgeted	Total Receipt	Percentage
Equitable share	7,057,950,000	7,057,950,000	100
<b>GRANTS</b>			
Kenya Devolution Support Project 18-19 - IDA(WB)-KSDP LEVEL 1	30,000,000	30,000,000	100
CA-Fuel levy fund	200,344,594	150,258,446	75
Agriculture Sector Support Program II	16,374,963	9,437,481	58
Conditional Allocation for Rehabilitation of Youth Polytechnics	25,473,298	25,473,298	100
CA-User Fees Forgone	23,385,934	23,385,934	100
Level 5 H	388,439,306	388,439,308	100
DANIDA	24,562,500	24,562,500	100
Transforming Health Systems for Universal Care Project (World Bank-IDA)	37,921,806	33,184,038	88
COVID 19 Conditional Grant	100,168,000	100,168,000	100
COVID - 19 Emergency Response Conditional Grant	250,000,000	0	0
Water & Sanitation Development Program – World Bank Fund	522,571,429	247,584,920	47
Total Grants	<b>1,878,658,776</b>	<b>1,032,493,924</b>	<b>55</b>
<b>Total Exchequer Issues</b>	<b>8,677,191,830</b>	<b>8,090,443,924</b>	<b>93</b>

**Table 6: TOTAL LOCAL REVENUE COLLECTED 2019-2020**

	FY2019-2020
	Kshs
<b>RECEIPTS</b>	
Other Property Income-Rates	505,275,833
Receipts from Administrative Fees and Charges	730,201,314
Business Permits / Cess	427,574,720
Plot Rents	5,320,693
Market/Trade Centre fees	49,196,949
Vehicle Parking Fees	493,169,133
Housing	59,957,478
Other Education Related Fees	960,000
Environment and Conservancy Administration	99,850,142
Other Health and Sanitation Revenues	873,019,415
Fines Penalties and Forfeitures	15,482,658
<b>TOTAL</b>	<b>3,260,008,335</b>

<b>Table 7: MONTHLY REVENUE ANALYSIS DETAILED</b>			
<b>REVENUE.</b>	<b>ANNUAL BUDGETED</b>	<b>GRAND TOTALS.</b>	<b>% Collection</b>
	<b>2019-2020</b>	<b>2019-2020</b>	
	<b>KSHS.</b>	<b>KSHS.</b>	
Land Rates Current Year	0	458,693	
Land Rates Penalties	7,780,247	975,730	13%
Land Rates Other Years	1,305,591,107	503,828,813	39%
Administration Cost	1,000,000	12,597	1%
<b>Other Property Income</b>	<b>1,314,371,354</b>	<b>505,275,833</b>	<b>38%</b>
Document Search Fee	195,233	119,000	61%
Sales of County's Minutes / Bylaws	877	4,000	456%
Valuation & Survey Fees	2,743,954	1,210,000	44%
Plot Transfer Fee	533,712	115,000	22%
Consent to Sub Lease	134,568	90,000	67%
Technical Division	13,068	25,000	191%
Beacon Search pointing Fee	26,300	10,000	38%
Survey Fee	697,950	236,500	34%
Subdivision & Consolidation Fees	5,487,470	5,017,250	91%
Change of User	1,665,659	1,716,000	103%
Impounding charges	72,382	0	0%
Dog Licenses	37,696	0	0%
Storage Fee	334,447	76,000	23%
Debts Clearance Certificate Fee	13,150	2,000	15%
Refund of Over Payment	428,436	712,818	166%
Consent to Charge Fee/Property certification Fee (Use as collateral)	88,105	0	0%
Imprest	305,939	0	0%
Other Property Charges	2,584,314	1,338,300	52%
Sand, Gravel, and Ballast Extraction Fees	452,404,119	558,300,732	123%
Incidental Charges	33,313	64,000	192%
Tender Documents Sale	5,260	0	0%
Hotel Levy	28,738,102	36,159,284	126%
Social Hall Hire	1,222,331	1,518,800	124%
Hire of County Grounds	341,898	285,000	83%
Sewer Connection Charge	4,383	0	0%
County Vehicles Hire	326,079	0	0%
Fire Inspection Fees	15,076,844	3,913,600	26%
Fire-Fighting Services	8,068,364	9,367,800	116%
Land Landscape Scheme	21,306,899	100,000	0%

Buildings Plan Preparation Fee	1,982,941	4,209,795	212%
Buildings Plan Approval Fee	64,084,372	104,685,435	163%
Demolition of Structures	742,095	732,000	99%
<b>Receipts from Administrative Fees and Charges</b>	<b>609,700,259</b>	<b>730,201,314</b>	<b>120%</b>
Business Permits, Current Year	631,745,841	427,574,720	68%
Business Permits, Other Years (Including Penalties)	1,629,254	0	0%
<b>Business Permits / Cess</b>	<b>633,375,095</b>	<b>427,574,720</b>	<b>68%</b>
Plot Transfer Fee	17,360	6,800	39%
Document Search Fee	3,829	0	0%
Allottees Documents	33,764	4,000	12%
Instalment Fee (HDD Scheme)	140,525	269,692	192%
Annual Ground Rent (HDD Scheme)	2,933,126	1,760,471	60%
Plots Charges (HDD Scheme)	16,206,075	3,279,730	20%
Survey Fee	23,933	0	0%
<b>Plot Rents</b>	<b>19,358,612</b>	<b>5,320,693</b>	<b>27%</b>
<b>03020205 Mackinnon Market</b>	0	0	
Market Stalls Rent	2,235,050	0	0%
<b>03020305 Makupa Market</b>			
Market Stalls Rent	1,173,270	0	0%
<b>03020405 Mombasa Wholesale market</b>			
Market Entrance / Gate Fee	302,523,007	8,803,424	3%
Market Stalls Rent (Rental store w/s mkt)	11,380,135	23,499,585	206%
Off loading	2,319,848	1,916,960	83%
Hawking Fee	19,993,940	14,976,980	75%
<b>03020505 Magongo Market</b>	0	0	
Market Stalls Rent	807,550	0	0%
Off loading	0	0	
<b>03020605 Likoni Open Air Market</b>	0	0	
Market Stalls Rent	207,800	0	0%
<b>03020705 Port Tudor, Kongowea &amp; Likoni Market</b>	0	0	
Market Stalls Rent	131,650	0	0%

<b>03020805 Sega Market</b>	0	0	
Market Stalls Rent	1,311,400	0	0%
<b>03020905 Chaani Open Air Market</b>	0	0	
Market Stalls Rent	1,011,400	0	0%
<b>03021005 Mikindani Market</b>	0	0	
Market Stalls Rent	267,100	0	0%
<b>03021105 Mwembe Tayari Market</b>	0	0	
Market Stalls Rent	1,155,855	0	0%
<b>03021205 Kisauni Retail Stall Market</b>	0	0	
Market Stalls Rent	2,913,075	0	0%
<b>Sales of Market Establishments</b>	<b>347,431,080</b>	<b>49,196,949</b>	<b>14%</b>
Road Reinstatement charges	0	0	0
Drainage Certificate Charges	30,442	0	0%
Road Cutting Application Fees	31,820	105,000	330%
Other Vehicles Enclosed Park Fees (Cars, lorries, etc)	533	600	113%
Street Parking Fee	521,858,057	222,487,027	43%
Towing Fee.	52,332	0	0%
TLB Matatu Levy	299,371,826	190,997,918	64%
Right of Way / Wayleave Fee (KPLN, Telkom, etc)	150,664,188	79,578,588	53%
<b>Vehicle Parking Fees</b>	<b>972,009,198</b>	<b>493,169,133</b>	<b>51%</b>
Housing Estates Monthly Rent	29,208,993	59,957,478	205%
<b>Housing</b>	<b>29,208,993</b>	<b>59,957,478</b>	<b>205%</b>
Sign Boards & Advertisement Fee	102,629,330	92,381,966	90%
County Vehicle Hire	459,500	345,090	75%
Horticulture Consultation Fee	239,200	246,200	103%
Livestock Certificates	521,922	446,506	86%
Livestock Permits	4,100	7,400	180%
Slaughter Licenses	10,000	10,000	100%
Vaccination (Dogs, Horses, Camels)	3,000	300	10%
Dog Licenses	182,000	102,000	56%
Cooperative Audit Charges	555,900	396,280	71%
Cemeteries Charges	924,700	2,121,500	229%
<b>07031405 Refuse Disposal (Nguu Tatu)</b>	0	0	

Garbage Dumping Fee	4,498,000	3,787,200	84%
Refuse Collection Fee	169,000	0	0%
<b>Environment and Conservancy Administration</b>	<b>110,196,652</b>	<b>99,850,142</b>	<b>91%</b>
Inspection Schools for Registration	9,559,000	960,000	10%
<b>Other Education Related Fees</b>	<b>9,559,000</b>	<b>960,000</b>	<b>10%</b>
Sundry Income	197,337,284	120,081,065	61%
<b>07021305 Kongowea Health Centre</b>	<b>0</b>	<b>0</b>	
Premises Inspection Fees	460,662,716	751,973,624	163%
<b>Other Health and Sanitation Revenues</b>	<b>658,000,000</b>	<b>873,019,415</b>	<b>133%</b>
Court Fines	25,508,795	11,819,658	46%
Cash Bail	4,672,187	3,663,000	78%
<b>Fines Penalties and Forfeitures</b>	<b>30,180,981</b>	<b>15,482,658</b>	<b>51%</b>
<b>COUNTY OWN REVENUE</b>	<b>4,733,391,224</b>	<b>3,260,008,335</b>	<b>69%</b>

### REVENUE ANALYSIS FOR 2019/2020 FY

14. The County realized Kshs 3,260,008,335 being 69 percent of the budgeted local revenue of Kshs. 4,733,391,224. The total revenue collected was Kshs 11,350,452,259 being 83 percent of the total budgeted revenue of Kshs. 13,670,000,000 of which Kshs 8,090,443,924 was total exchequer issues of Kshs 1,032,493,924 transfers from other National Government entities including budgeted grants and donor funding. Equitable National share amounted to Kshs 7,057,950,000 which was 100 percent of the County allocation.
15. There was a decrease in own source revenue collection 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 69% of the projected revenue of 4.7B.
16. The County received Donor Funding from DANIDA of Kshs. 24,562,500, Health Conditional Grants of Kshs. 388,439,309, COVID- 19 Conditional Grant, of Kshs. 100,168,000, Road Maintenance Levy Grant of Kshs. 150,258,446, World Bank-KDSP Level I, Kshs. 30,000,000, World Bank-THUSCP, Kshs. 33,184,038, Water and Sanitation Development Project, Kshs. 247,584,920 and a Grant of Kshs. 9,437,481 for Agriculture Sector Support Program II.

### **Expenditure**

17. Total expenditure amounted to Ksh 10,737,810,894 against a target of Ksh 13,670,000,000 representing an under spending of Ksh 2,932,189,107. (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 registered an immense dip in budget implementation since the onset of devolution at 79 percent which is a 14 percent decrease from the previous financial year's budget implementation.
19. Recurrent expenditure was 94% amounting 8.9 billion which comprised of personnel emoluments, operations and maintenance.
20. Development expenditure was Ksh 1.9 Billion compared to a target of Ksh 4.3 Billion. This represented an under-spending of approximately Ksh 2.4 Billion (or 52 percent deviation from the approved development expenditure). The underperformance in development expenditure was majorly contributed by lack unrealized local revenue due to the Covid-19 pandemic that contributed to the shelving of most of the planned development undertakings and lack of disbursement of 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 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. 2.3 Billion to finance which was attributed to unrealized revenues.

### **Implication of 2019/20 fiscal performance on the set financial objectives**

In the 2020 CFSP;

24. The performance in the FY 2019/20 has affected the financial objectives set out in the latest CFSP and the Budget for FY 2020/21 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 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 an Economic stimulus program (ESP) 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 2020/21 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 2020/21- 2022/23 and in the medium term.**

<b>Revenue Stream</b>	<b>Projected 2020/21</b>	<b>Projected 2021/22</b>	<b>Projected 2022/23</b>
Road maintenance fees	101,914,493	55,010,218	57,760,729
Advertisement income	80,664,188	80,997,397	85,047,267
Parking fees	481,006,857	412,537,360	433,164,228
Fire brigade & ambulance fees	94,572,460	69,755,025	73,242,776
<b>Total</b>	<b>758,157,998</b>	<b>618,300,000</b>	<b>649,215,000</b>
Plot rent & related charges	19,358,612	20,326,543	21,342,870
Development control income	61,927,203	76,023,563	79,824,741
Structural Submission/ Approval Fees	31,505,067	31,580,324	33,159,340
Land rates and related fees	1,338,953,747	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
<b>Total</b>	<b>1,521,725,751</b>	<b>1,152,000,000</b>	<b>1,119,011,500</b>
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
<b>Total</b>	<b>13,400,000</b>	<b>14,070,000</b>	<b>14,773,500</b>
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
<b>Total</b>	<b>37,315,859</b>	<b>30,000,000</b>	<b>31,500,000</b>
Hotel Levy	33,294,404	13,959,124	14,657,080
Sand, Gravel, and Ballast Extraction Fees	915,448,650	643,527,779	675,704,168
Market collection	362,431,080	304,802,634	320,042,766
Business permit fees	919,852,182	537,710,463	564,595,986
<b>Total</b>	<b>2,231,026,316</b>	<b>1,500,000,000</b>	<b>1,575,000,000</b>
Registration of Child Care Facilities	9,559,000	11,000,000	11,550,000
<b>Total</b>	<b>9,559,000</b>	<b>11,000,000</b>	<b>11,550,000</b>
Meat Inspection/Permit	2,300,000	3,100,000	2,205,000



Revenue Stream	Projected 2020/21	Projected 2021/22	Projected 2022/23
Boat Operations	3,700,000	4,570,000	3,745,000
<b>Total</b>	<b>6,000,000</b>	<b>7,670,000</b>	<b>5,950,000</b>
Tender Documents Sale	1,413,164	5,817,209	1,558,013
Financial related income	5,850,277	11,142,791	6,441,987
<b>Total</b>	<b>7,263,441</b>	<b>16,960,000</b>	<b>8,000,000</b>
Clinic cost sharing charges & Other services	668,000,000	700,000,000	735,000,000
<b>Total</b>	<b>668,000,000</b>	<b>700,000,000</b>	<b>735,000,000</b>
Total Local Revenue	<b>5,252,448,363</b>	<b>4,050,000,000</b>	<b>4,150,000,000</b>

**Table 10: Updated Departmental Ceilings against CFSP'19 Projections, 2019/20-2021/22**

S/NO	DEPARTMENTS	Approved Budget FY 2019/2020	Final Budget FY 2019/2020	Budgeted 2020/21	Projected 2021/2022
3011	The Executive	363,392,288	297,659,051	353,392,288	360,000,000
3012	County Assembly	658,054,009	718,609,109	658,609,194	659,000,000
3013	Public Service Board	118,831,959	52,657,645	121,377,889	130,000,000
3014	Finance and Economic Planning	979,521,955	1,830,868,003	1,014,007,043	910,000,000
3015	Energy, Environment and Waste Management	514,132,378	463,597,343	612,507,149	615,000,000
3016	Education & Information Technology	541,519,644	425,440,904	661,158,345	646,000,000
3017	Health Services	2,813,835,534	2,859,048,907	3,225,659,735	3,400,000,000
3018	Water, Environment and Natural Resources	121,221,632	23,610,453	128,861,433	130,000,000
3019	Youth, Gender, Sports and Cultural Affairs	270,276,893	142,160,319	430,379,042	300,000,000
3020	Trade, Tourism and Investments	465,952,264	273,992,000	458,875,184	350,000,000
3021	Land, Planning, Housing and Urban Renewal	220,154,262	205,404,265	346,776,432	270,000,000
3022	Transport, Infrastructure and Public Works	435,222,886	405,937,289	558,548,738	560,000,000
3023	Agriculture, Fisheries, Livestock and Co-Operatives	222,020,925	156,246,584	282,930,223	250,000,000
3026	Devolution and Public Service Administration	1,015,434,944	1,533,728,097	856,155,411	920,000,000
REC	<b>Total</b>	<b>8,739,571,573</b>	<b>9,388,959,969</b>	<b>9,709,238,107</b>	<b>9,500,000,000</b>

S/NO	DEPARTMENTS	Approved Budget FY 2019/2020	Final Budget FY 2019/2020	Budgeted 2020/21	Projected 2021/2022
3011	County Executive	15,098,932	0	22,424,673	25,000,000
3012	County Assembly	25,773,748	25,773,748	25,773,748	30,000,000
3013	Public Service Board	11,637,280	6,493,410	11,637,280	20,000,000
3014	Finance & Economic Planning	749,954,639	704,995,499	415,537,693	350,000,000
3015	Energy, Environment & Waste Management	428,372,081	289,412,737	365,372,081	305,000,000
3016	Education & Information Technology	220,329,356	158,104,684	311,329,356	300,000,000
3017	Health Services	231,641,776	468,680,701	451,641,776	320,000,000
3018	Water, Sanitation & Natural Resources	1,550,000,000	522,571,429	1,350,225,704	1,200,000,000
3019	Youth, Gender, Sports and Cultural Affairs	375,595,266	253,550,681	485,595,266	500,000,000
3020	Trade, Tourism & Investment	151,056,936	120,425,490	350,056,936	380,000,000
3021	Land, Planning, Housing and Urban Renewal	211,329,963	149,146,660	171,329,963	180,000,000
3022	Transport, Infrastructure and Public Works	657,445,281	1,468,705,571	668,855,896	750,000,000
3023	Agriculture, Fisheries, Livestock and Co-operatives	211,015,626	78,979,849	200,015,626	250,000,000
3026	Devolution & Public Service Administration	100,545,582	34,199,572	95,545,582	90,000,000
Dev	<b>TOTAL</b>	<b>4,939,796,466</b>	<b>4,281,040,031</b>	<b>4,925,341,581</b>	<b>4,700,000,000</b>

	DEPARTMENTS	Approved Budget FY 2019/2020	Final Budget FY 2019/2020	Budgeted 2020/21	Projected 2021/2022
3011	The Executive	378,491,220	297,659,051	375,816,961	385,000,000
3012	County Assembly	683,827,757	744,382,857	684,382,942	689,000,000
3013	Public Service Board	130,469,239	59,151,055	133,015,169	150,000,000
3014	Finance & Economic Planning	1,729,476,594	2,535,863,502	1,429,544,736	1,260,000,000
3015	Energy, Environment & Waste Management	942,504,459	753,010,080	977,879,230	920,000,000
3016	Education & Information Technology	761,849,000	583,545,588	972,487,701	946,000,000
3017	Health Services	3,045,477,310	3,327,729,608	3,677,301,511	3,720,000,000
3018	Water, Sanitation & Natural Resources	1,671,221,632	546,181,882	1,479,087,137	1,330,000,000
3019	Youth, Gender, Sports and Cultural Affairs	645,872,159	395,711,000	915,974,308	800,000,000
3020	Trade, Tourism & Investment	617,009,199	394,417,490	808,932,120	730,000,000
3021	Land, Planning, Housing and Urban Renewal	431,484,225	354,550,925	518,106,395	450,000,000
3022	Transport, Infrastructure and Public Works	1,092,668,167	1,874,642,861	1,227,404,634	1,310,000,000
3023	Agriculture, Fisheries, Livestock and Co-operatives	433,036,551	235,226,433	482,945,849	500,000,000
3026	Devolution and Public Service Administration	1,115,980,526	1,567,927,669	951,700,994	1,010,000,000
Grand	<b>TOTAL</b>	<b>13,679,368,038</b>	<b>13,670,000,000</b>	<b>14,634,579,687</b>	<b>14,200,000,000</b>

## Updated Expenditure Projections against CFSP'19 Projections, 2019/20- 2021/22

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 2020/21 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

#### Real Sector Developments

39. The outbreak and spread of the Covid-19 Pandemic and the ensuing containment measures have devastated global economies. As a result, the global economy is projected to contract by 4.9 percent in 2020 from a growth of 2.9 percent in 2019 with prospects across countries and regions remaining highly uncertain. Kenya has not been spared.
40. The Pandemic and the containment measures slowed down economic activities in key sectors of the economy in the first quarter of 2020, resulting to a lower growth of 4.9 percent compared to a growth of 5.5 percent in a similar period in 2019. Overall, taking into account the available indicators for second quarter for 2020, the economy is projected to grow by 2.6 percent in the calendar year 2020 compared to the initial projection of 6.1 percent in the 2020 Budget Policy Statement.
41. The economy is projected to rebound to 5.3 percent in 2021 and 5.9 percent over the medium term. In terms of fiscal years, the economy is projected to grow by 4.0 percent in the FY 2020/21 and 5.9 percent over the medium term.
42. The slowdown in the first quarter of 2020 was mainly due to the uncertainty surrounding the Covid-19 pandemic that was already slowing economic activity in most of the country's major trading partners. The contraction by 9.3 percent in the accommodation and food services sector exacerbated the decelerated growth in the first quarter of 2020. On the positive side, the economy was supported by strong agricultural activities that strengthened to 4.9 percent in the first quarter of 2020 from 4.7 percent over the same period in 2019. A resilient non-agriculture sector also supported growth, despite a slowdown to 5.2 percent from 5.9 percent over the period under review.
43. The agriculture sector grew by 4.9 percent in the first quarter of 2020 compared to a growth of 4.7 percent in the same period in 2019 supported by favourable weather conditions. Tea production and cane deliveries grew by 49.2 percent and 10.2 percent, respectively in the first quarter of 2020 relative to 2019. However, the production of

coffee and formal milk intake declined by 11.8 percent and 1.2 percent over the same period.

44. The first quarter of 2020 recorded strong growth in earnings from agricultural exports. Earnings from the exports of fruits, cut flowers, coffee, tea and vegetables grew by 128.8 percent, 112.4 percent, 94.8 percent, 56.6 percent and 29.6 percent in the quarter under review relative to the same quarter of 2019.
45. The non-agricultural sector (service, industry and mining and quarrying) remained resilient and grew by 5.2 percent in the first quarter of 2020, down from 5.9 percent in the same quarter of 2019. The services and industry sector contributed 3.3 percentage points to real GDP growth in the first quarter of 2020 mainly supported by strong performance in the services sector.
46. The performance of activities in the transport and storage sector declined to 6.2 percent in the first of quarter of 2020 from 6.4 percent recorded in the first quarter of 2019 following imposition measures to contain the spread of covid-19 towards the end of the quarter. Growth in the sector was mainly supported by a 0.8 percent increase cargo throughput at the port of Mombasa, 20.6 percent decline in the average international oil price and 7.1 percent growth in the stock of credit advanced to transport and communication in March 2020.
47. The information and communication technology (ICT) sector grew by 9.8 percent in the first quarter of 2020 down from 10.2 percent in the same quarter in 2019. The growth was supported by increased number of mobile transactions and growth in imports of telecommunication equipment. While the total number of mobile money subscriptions and transactions declined in the quarter, the value of mobile money transactions grew by 2.1 percent to Ksh 1,086.9 billion. The sector's performance was also enhanced by increased access and use of internet services.
48. The financial and insurance sector performance was weaker in the quarter under review expanding by 6.0 percent in 2020, compared to 6.3 percent in 2019 but its contribution to real GDP growth remained 0.4 percent in both quarters. On the other hand, following the confirmation of Covid-19 case in Kenya in March 2020, activities in the health sector increased marginally from 5.4 percent in quarter one of 2019 to 5.8 percent in the first quarter of 2020.

49. The wholesale and retail trade sector remained vibrant, expanding by 6.4 percent in the first quarter of 2020 compared to 6.3 percent in a similar quarter in 2019. Dry maize and beans fetched better prices in in the first quarter 2020 compared to the same period in 2019, supporting wholesale and retail sector. Motor gasoline premium, light diesel oil and kerosene prices increased during the period under review. The sector contributed 0.4 percentage points to Real GDP in both quarters.
50. Accommodation and food service activities contracted by 9.3 percent in the first quarter of 2020 compared to a growth of 11.0 percent in the first quarter of 2019. Activities in the Accommodation and restaurant sector were adversely affected by Covid-19 pandemic as international travels were either cancelled or suspended, hotels closed or scaled down their operations for indefinite period and movement restrictions imposed in nearly all the countries. These measures resulted to a decline in the number of international visitor arrivals through the two major airports from 364,744 in the first quarter of 2019 to 294,053 in the review period.

### **Inflation Rate**

51. Year-on-year overall inflation has remained within the government target range since end 2017 demonstrating prudent monetary policies. The inflation rate was at 4.4 percent in August 2020, declining from 5.0 percent in August 2019. This decline reflected favourable weather conditions which resulted to declines in the prices of key food items such as cabbages, tomatoes, Irish potatoes, spinach and loose maize grain. Paraffin, petrol, diesel and 200KWh electricity prices also declined during the same period due to lower international oil prices.
52. The contribution of core inflation to overall inflation has been low and stable reflecting the impact of the reduction of VAT and muted demand pressures in the economy on account of prudent monetary policies. The contribution of fuel inflation has also been low, a reflection stable energy prices despite the increase in the Petroleum development levy in July 2020. The major driver of overall inflation in the period under review has been food inflation.

53. Kenya's rate of inflation compares favourably with the rest of Sub-Saharan Africa countries. In July 2020, Kenya recorded a lower inflation rate than Uganda, Ghana, Rwanda, Nigeria, Zambia, and Ethiopia.

### **Kenya Shilling Exchange Rate**

54. The foreign exchange market has experienced some volatility in 2020, largely due to uncertainties with regard to the impact of Covid-19 Pandemic and a significant strengthening of the US Dollar in the global markets. However, the Kenya Shilling remained competitive supported by a stable current account deficit. The Shilling depreciated against the US Dollar, Sterling pound and the Euro exchanging at an average of Ksh 107.3, Ksh 135.3 and Ksh 122.5 in July 2020 from Ksh 103.2, Ksh 128.7 and Ksh 115.8 in July 2019, respectively.
55. In comparison to most Sub-Saharan Africa currencies the Kenya Shilling has remained relatively stable. In the year to August 2020, the Shilling weakened by 4.7 percent against US Dollar. This depreciation in Kenya Shilling was lower than the depreciation in Ghanaian Cedi, Rwanda Franc, Botswana pula, Nigerian Naira, Mauritius Rupee, South African Rand and Namibian Dollar.

## **b. Medium Term Economic Outlook**

### **Global Growth Outlook**

56. The outbreak and spread of the Covid-19 Pandemic and the ensuing containment measures have devastated global economies. As a result, the global economy is projected to contract by 4.9 percent in 2020 from a growth of 2.9 percent in 2019. This economic outlook is worse than the growth reported during the 2008 - 2009 global financial crisis. On a positive note, world economic growth is projected to rebound to 5.4 percent in 2021 mainly supported by a gradual strengthening in consumption and investment is also expected to firm up.
57. Growth in the advanced economies is projected at negative 8.0 percent in 2020 recovering to 4.8 percent in 2021. This reflects deeper than anticipated effects of the pandemic on economic activity in the first half of 2020 and more gradual recovery in

the second half of the year. Significant contraction of the economy is projected in the United States (-8.0 percent), Japan (-5.8 percent), the United Kingdom (-10.2 percent), Germany (-7.8 percent), France (-12.5 percent), and Italy and Spain (-12.8) percent. Growth in the Euro area is expected to contract by 10.2 percent in 2020 before recovering to grow at 6.0 percent in 2021.

58. The emerging markets and developing economies are also projected to contract by 3.0 percent in 2020. Better prospects are however expected in 2021 with growth forecasted at 5.9 percent; this recovery is well echoed in the forecasted growths of Emerging and Developing Asia and Europe, Latin America and the Caribbean, and Sub-Saharan Africa.
59. The Sub-Saharan African region has not been spared the negative impact of the pandemic with the region projected to contract by 3.2 percent in 2020. Consistent with forecast in the other regions, economic growth in the region is expected to recover to 3.4 percent in 2021 as most of the economies in the region recover from the adverse effects of the Covid-19 pandemic.

### **Domestic Growth Outlook**

60. On the domestic scene, prior to the outbreak of Covid-19 pandemic, Kenya's economy was strong and resilient despite the challenging global environment. The economy expanded by 4.9 percent in the first quarter of 2020 supported by the agricultural sector on account of favourable weather conditions.
61. Leading economic indicators for the second quarter point to continued strong performance in agriculture, mainly due to favourable weather conditions and lifting of restrictions in the key export markets. However, the negative effects of covid-19 on the economy are projected to more than offset the gains in the agricultural sector leading to an overall projected growth, in calendar years, of 2.6 percent in 2020. On a positive note, economic growth is projected to recover to 5.3 percent in 2021 and 5.9 percent in the medium term. In terms of fiscal years, economic growth is projected to grow by 4.0 percent in FY 2020/21 and further to 5.9 percent over the medium term.
62. This growth outlook for the calendar year 2020 and the FY 2020/21 and the medium term, will be supported by the stable macroeconomic environment, investments in the



strategic areas under 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. 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) which is implementing Vision 2030.

### **Monetary Policy Outlook**

63. The main objective of monetary policy, over the medium terms, will be to maintain stable prices. Overall inflation is expected to remain within the target range in the short run, despite the disruptions occasioned by the COVID-19 pandemic. This will be supported by favourable weather conditions, lower international oil prices, muted demand pressures and the reduction of Value Added Tax (VAT) from 16 percent to 14 percent.
64. 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. External Sector Outlook 101. The Kenya Shilling is expected to remain stable in 2020 on account of a stable current account deficit. The current account deficit is expected to narrow to 5.1 percent of GDP in 2020 from 5.8 percent in 2019 supported by a lower oil import bill and lower imports of SGR-related equipment.

### **Fiscal Policy Outlook**

65. 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 mobilisation and

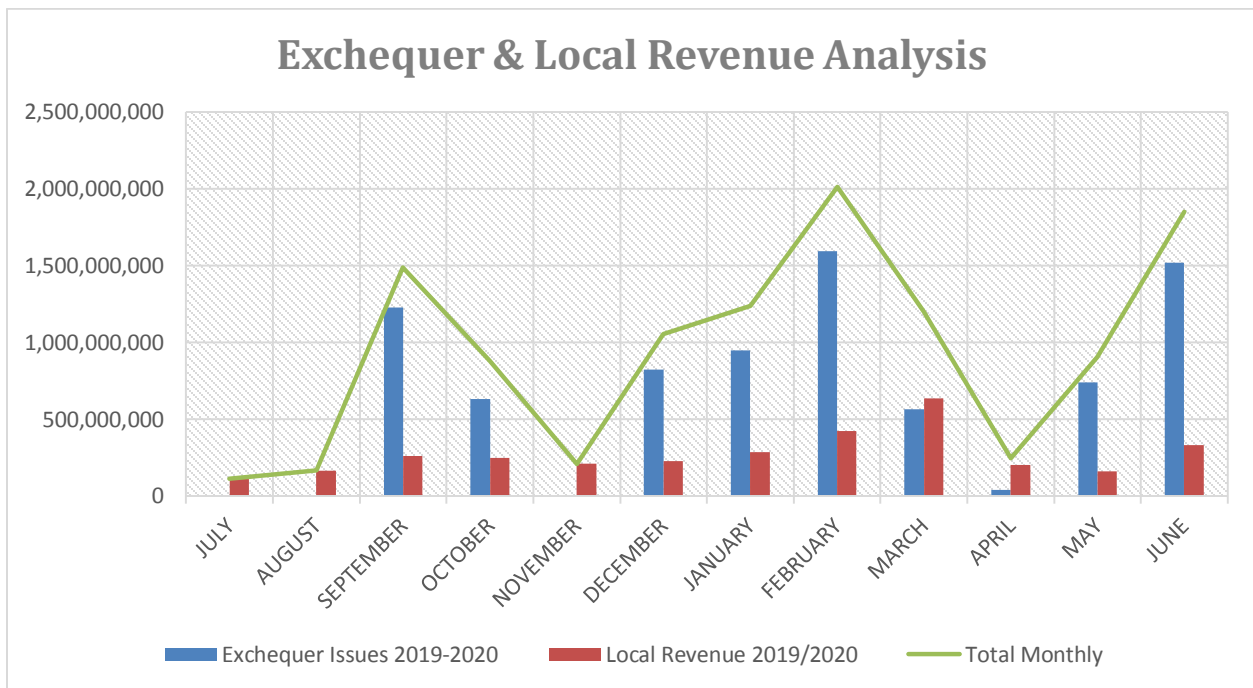
strengthen management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects.

### Recent Economic Developments

66. Growth in local revenue remained resilient during the first three quarters with the highest collection being in the third quarter, however the collection dipped drastically in the fourth quarter due to the Covid- 19 pandemic.
67. On the development front in infrastructure, the movement of goods and people around the country has 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.
68. 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 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.
69. The County Government has plans for; Establishment of Model Farms, Construction of Mari culture Farms, 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
70. 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.

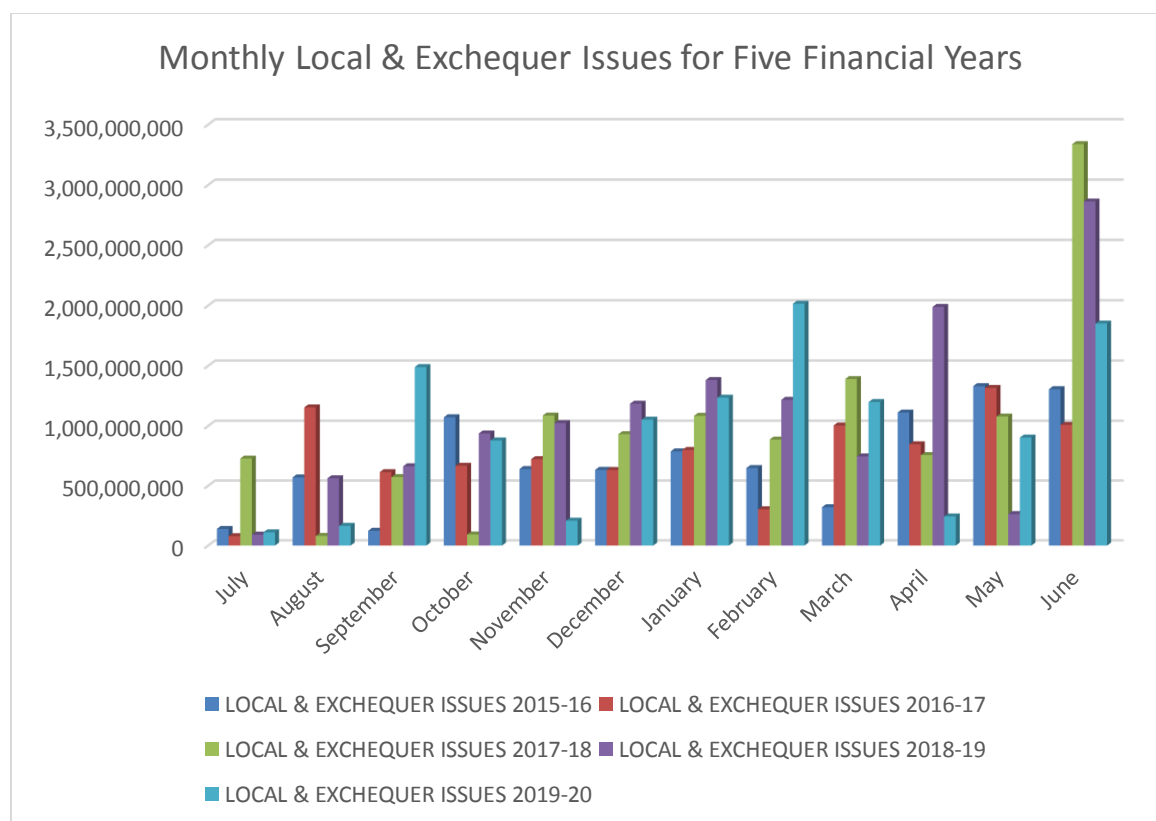
71. The County Government has kickstarted the process of the total rehabilitation of the CBD and all public beaches which will give the tourism sector a major boost and see Mombasa reclaiming its glory as a major tourism destination both locally and internationally.
72. As we continue to revamp and expand 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 2015/16-2019/20**

Month	LOCAL & EXCHEQUER ISSUES 2015-16	LOCAL & EXCHEQUER ISSUES 2016-17	LOCAL & EXCHEQUER ISSUES 2017-18	LOCAL & EXCHEQUER ISSUES 2018-19	LOCAL & EXCHEQUER ISSUES 2019-20
July	138,888,662	78,327,409	726,919,531	91,417,758	110,950,638
August	569,934,955	1,155,330,121	79,974,633	562,614,570	164,898,523
September	123,410,370	614,169,921	572,245,325	663,072,153	1,489,323,234
October	1,072,735,887	666,800,635	91,999,794	936,888,254	879,204,649
November	639,916,751	722,067,323	1,087,117,176	1,023,583,115	208,062,247
December	632,492,033	631,961,413	931,127,740	1,185,688,810	1,052,811,632
January	787,407,998	799,675,647	1,084,658,019	1,381,624,607	1,235,895,538
February	648,325,175	303,286,028	885,758,740	1,217,967,692	2,014,233,704
March	320,614,826	1,003,791,146	1,390,148,888	745,066,240	1,199,408,214
April	1,112,119,278	847,054,039	755,912,531	1,988,001,486	243,403,040
May	1,331,613,343	1,316,671,337	1,078,311,363	262,880,622	902,535,020
June	1,305,827,907	1,008,792,061	3,337,376,949	2,861,280,642	1,849,771,878



**Table 12: GRANTS DISBURSED TO THE COUNTIES FROM 2015/16- 2019/20 FINANCIAL YEARS**

GRANTS DISBURSED TO THE COUNTY						
Grant Details	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Total
Level 5 Hospital Grant	402,910,857	369,942,197	388,439,306	388,439,306	388,439,306	1,938,170,974
Leasing of Medical Equipment Grant	35,125,117	35,823,495	-	-	-	70,948,612
User Fees Forgone	21,896,682	23,514,312	23,514,312	23,385,934	23,385,934	115,697,174
Free Maternal Health Care Grant	98,447,500	125,722,505	-	-	-	224,170,005
DANIDA		3,150,000	23,261,504	27,337,500	24,562,500	78,311,504
World Bank-KDSP Level I			49,809,062		30,000,000	79,809,062
World Bank KDSP Level II				259,416,946	0	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	60,657,749
IDA(WB)-WSDP	-	-	-	-	247,584,920	247,584,920
Covid 19 funds					100,168,000	100,168,000
Development of Youth Polytechnics			30,586,320		25,473,298	56,059,618
Agriculture Sector Support Program II				6,937,481	9,437,481	16,374,962
Road Maintenance Levy Grant	33,345,423	33,345,423	182,073,057	255,997,699	150,258,446	655,020,048
<b>Total</b>	<b>591,725,579</b>	<b>591,497,932</b>	<b>708,419,593</b>	<b>988,988,577</b>	<b>1,032,493,925</b>	<b>3,913,125,606</b>

### Medium Term Fiscal Framework

73. 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 monthly repayment of the pending bills with an intention of offsetting all the pending bills in the shortest period possible and ensuring expenditure is strictly done guided by availability of funds going forth.
74. 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 2020/21 by encouraging more private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.

75. With respect to revenue, the CG will maintain a strong revenue effort at 20 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 2019 with a rejuvenated enforcement mechanism. In addition, the CG will rationalize existing fees and charges incentives, expand the income base and remove exemptions as envisaged in the Constitution.
76. On the expenditure side, the CG will continue with rationalization of expenditure to improve efficiency and reduce wastage. Expenditure management will be strengthened with continued implementation of the Integrated Financial Management Information System (IFMIS) across all the departments.
77. The county will continue redirecting expenditure towards those priority programmes as identified in public consultative forums. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic welfare.

### **Risks to the Outlook**

78. This macroeconomic outlook is not without risks from both external and domestic sources. Risks from the global economies 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 safe, reconfiguration of disrupted global supply chains, extent of cross-border spill overs occasioned by weaker external demand and funding shortfalls.
79. On the domestic front, risks will emanate from weaker external demand, reduced tourist arrivals due the Covid-19 fears and restrictions and further restrictions of movement should they become necessary to control the surge in infections. 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 National Government is continually monitoring these risks and taking appropriate monetary and fiscal policy measures to preserve macroeconomic stability and strengthen resilience in the economy. To cushion the country against the downsides of the risks

emanating from the Covid19 pandemic, the Government is implementing an 8 point Economic Stimulus Package to Draft 2020 Budget Review and Outlook Paper 40 protect lives and livelihoods. The Government is also planning a Post Covid-19 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. On risks emanating from domestic sources, the Government has laid foundations to enhance faster and lasting growth through the “Big Four” Plan, which will unlock better growth, and positively impact on the lives of people through jobs creation and poverty reduction. As such, the Government is expanding irrigation schemes to reduce dependence on rain-fed agriculture, diversifying exports and promoting value addition in agriculture. Further, the Government is accelerating infrastructure development to support manufacturing and expand intra-regional trade by deliberately targeting new markets for our products. Finally, the ongoing enhanced domestic resource mobilization and expenditure rationalization will significantly reduce wage related pressures and reduce debt accumulation thus creating fiscal space necessary for economic sustainability
82. At the County level, other than the frequent late disbursement of exchequer issues, the main challenges that continue to be experienced relate to unrealized projected local revenue collection, bloated wage bill and huge pending bills some of which are statutory deductions that accrue huge interests.
83. The high wage bill continues to be a major challenge in the implementation of the budget. Currently in the 2020/21 financial year the personnel emoluments stand at 38% of the overall county budget which is 3% way above the statutory requirement of 35%. The recruitment of key essential staff and the frequent salary increment for various cadres of staff continues to increase the already bloated wage bill. The various collective bargaining agreements (CBAs) to increase salaries and benefits of various officers also continues to worsen the dire situation.
84. The County’s major departmental restructuring in terms of personnel and functions continues to affect the Outlook.
85. Non timely disbursement of funds by the national government continues to be a challenge as this leads to delay in execution of planned activities of the County thus compromising service delivery.

86. Looking ahead, 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.
87. The CG recognizes that further stringent measures needs 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 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 2020/21 Budget**

89. Given the performance in 2019/20 and the updated fiscal outlook, the risks to the FY 2020/21 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 2020/21 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.



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 is expected 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. Going forward, 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. The county will continue reorienting expenditure towards those priority programmes outlined in County's Integrated Development Plan 2018-2022 and as identified in public consultative forums. The strategy will thus implement the priority programmes/ projects as entailed in the draft CIDP 2018-2022. 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
  - Streamlined waste management services
  - Increased accessibility to safe potable water and sustained food security
  - Provision of inclusive Quality Education, Gender empowerment, Youth & Sports development
  - Land management and affordable Housing Services
  - Infrastructure development

98. The fiscal framework for the financial year 2020/21 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. 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.
100. Reflecting the above medium-term expenditure framework, the tables below provides the tentative projected baseline ceilings for the 2021 MTEF, classified by Departments.

**Table 13: Medium Term Sector Ceiling 2019/2020 - 2022/2023, Ksh Million**

S/NO	DEPARTMENTS	Approved Budget FY 2019/2020	Final Budget FY 2019/2020	Budgeted 2020/21	Projected 2021/2022	Projected 2022/2023
3011	The Executive	363,392,288	297,659,051	353,392,288	360,000,000	367,200,000
3012	County Assembly	658,054,009	718,609,109	658,609,194	659,000,000	672,180,000
3013	Public Service Board	118,831,959	52,657,645	121,377,889	130,000,000	132,600,000
3014	Finance and Economic Planning	979,521,955	1,830,868,003	1,014,007,043	910,000,000	928,200,000
3015	Energy, Environment and Waste Management	514,132,378	463,597,343	612,507,149	615,000,000	627,300,000
3016	Education & Information Technology	541,519,644	425,440,904	661,158,345	646,000,000	658,920,000
3017	Health	2,813,835,534	2,859,048,907	3,225,659,735	3,400,000,000	3,468,000,000
3018	Water, Environment and Natural Resources	121,221,632	23,610,453	128,861,433	130,000,000	132,600,000
3019	Youth, Gender, Sports and Cultural Affairs	270,276,893	142,160,319	430,379,042	300,000,000	306,000,000
3020	Trade, Tourism and Investments	465,952,264	273,992,000	458,875,184	350,000,000	357,000,000
3021	Land, Planning, Housing and Urban Renewal	220,154,262	205,404,265	346,776,432	270,000,000	275,400,000
3022	Transport, Infrastructure and Public Works	435,222,886	405,937,289	558,548,738	560,000,000	571,200,000
3023	Agriculture, Fisheries, Livestock and Co-Operatives	222,020,925	156,246,584	282,930,223	250,000,000	255,000,000
3026	Devolution and Public Service Administration	1,015,434,944	1,533,728,097	856,155,411	920,000,000	938,400,000
REC		8,739,571,573	9,388,959,969	9,709,238,107	9,500,000,000	9,690,000,000

S/NO	DEPARTMENTS	Approved Budget FY 2019/2020	Final Budget FY 2019/2020	Budgeted 2020/21	Projected 2021/2022	Projected 2022/2023
3011	County Executive	15,098,932	0	22,424,673	25,000,000	25,500,000
3012	County Assembly	25,773,748	25,773,748	25,773,748	30,000,000	30,600,000
3013	Public Service Board	11,637,280	6,493,410	11,637,280	20,000,000	20,400,000
3014	Finance & Economic Planning	749,954,639	704,995,499	415,537,693	350,000,000	357,000,000
3015	Energy, Environment & Waste Management	428,372,081	289,412,737	365,372,081	305,000,000	311,100,000
3016	Education & Information Technology	220,329,356	158,104,684	311,329,356	300,000,000	306,000,000
3017	Health Services	231,641,776	468,680,701	451,641,776	320,000,000	326,400,000
3018	Water, Sanitation & Natural Resources	1,550,000,000	522,571,429	1,350,225,704	1,200,000,000	1,224,000,000
3019	Youth, Gender, Sports and Cultural Affairs	375,595,266	253,550,681	485,595,266	500,000,000	510,000,000
3020	Trade, Tourism & Investment	151,056,936	120,425,490	350,056,936	380,000,000	387,600,000
3021	Land, Planning, Housing and Urban Renewal	211,329,963	149,146,660	171,329,963	180,000,000	183,600,000
3022	Transport, Infrastructure and Public Works	657,445,281	1,468,705,571	668,855,896	750,000,000	765,000,000
3023	Agriculture, Fisheries, Livestock and Co-operatives	211,015,626	78,979,849	200,015,626	250,000,000	255,000,000
3026	Devolution & Public Service Administration	100,545,582	34,199,572	95,545,582	90,000,000	91,800,000
Dev	<b>TOTAL</b>	<b>4,939,796,466</b>	<b>4,281,040,031</b>	<b>4,925,341,581</b>	<b>4,700,000,000</b>	<b>4,794,000,000</b>

	DEPARTMENTS	Approved Budget 2019/2020	Final Budget 2019/2020	Budgeted 2020/21	Projected 2021/2022	Projected 2022/2023
3011	The Executive	378,491,220	297,659,051	375,816,961	385,000,000	392,700,000
3012	County Assembly	683,827,757	744,382,857	684,382,942	689,000,000	702,780,000
3013	Public Service Board	130,469,239	59,151,055	133,015,169	150,000,000	153,000,000
3014	Finance & Economic Planning	1,729,476,594	2,535,863,502	1,429,544,736	1,260,000,000	1,285,200,000
3015	Energy, Environment & Waste Management	942,504,459	753,010,080	977,879,230	920,000,000	938,400,000
3016	Education & Information Technology	761,849,000	583,545,588	972,487,701	946,000,000	964,920,000
3017	Health Services	3,045,477,310	3,327,729,608	3,677,301,511	3,720,000,000	3,794,400,000
3018	Water, Sanitation & Natural Resources	1,671,221,632	546,181,882	1,479,087,137	1,330,000,000	1,356,600,000
3019	Youth, Gender, Sports and Cultural Affairs	645,872,159	395,711,000	915,974,308	800,000,000	816,000,000
3020	Trade, Tourism & Investment	617,009,199	394,417,490	808,932,120	730,000,000	744,600,000
3021	Land, Planning, Housing and Urban Renewal	431,484,225	354,550,925	518,106,395	450,000,000	459,000,000
3022	Transport, Infrastructure and Public Works	1,092,668,167	1,874,642,861	1,227,404,634	1,310,000,000	1,336,200,000
3023	Agriculture, Fisheries, Livestock and Co-operatives	433,036,551	235,226,433	482,945,849	500,000,000	510,000,000
3026	Devolution and Public Service Administration	1,115,980,526	1,567,927,669	951,700,994	1,010,000,000	1,030,200,000
<b>Grand</b>	<b>TOTAL</b>	<b>13,679,368,038</b>	<b>13,670,000,000</b>	<b>14,634,579,687</b>	<b>14,200,000,000</b>	<b>14,484,000,000</b>

## C. Departments Budgets and Programs Prioritization

101. A key challenge in developing the 2021/22 MTEF budget is the prioritization of resource allocation to pending and ongoing projects.
102. 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.
103. Extensive work has been done in providing reporting templates and issuance of budget guidelines so as to ensure consistency in reporting and monitoring progress.
104. 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. 2021/2022 Budget Framework

105. The 2021/22 budget framework is set against the background of the updated medium-term macro-fiscal framework set out above.

### **Revenue Projections**

106. The 2021/22 budget targets local revenue of Kshs 4.1 billion and National Government transfer of 10.1 billion. As noted above, this performance will be underpinned by ongoing reforms in revenue policy and revenue administration. As such, total revenue including exchequer issues is expected to be Kshs 14.2 Billion.

### **Expenditure Forecasts**

107. In 2021/22, overall expenditures are projected to be 14.2 Billion

## VII. CONCLUSION AND WAY FORWARD

108. The fiscal outcome for 2021/22 together with the updated forecast has had ramification of the financial objectives elaborated in the last CFSP 2020.
109. The FY 2021/22 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.
110. There is moderate growth in the overall revenue collection and a decline in overall recurrent expenditure as more resources are allocated to development projects. These measures take into account the need to maintain fiscal discipline in all levels of the government for maximum return from public resources.
111. 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.
112. 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.
113. 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.
114. The policies and sector ceilings annexed herewith will guide the Departments in preparation of the 2021/2022 budget. The CG should scale down its budget and then increase it gradually over the medium term as it expands its revenue base.
115. The ceilings will form inputs into the next County Fiscal Strategy Paper (CFSP) which will be developed in February 2021.

## ANNEXES

### ANNEX 1. COMPARISON OF EXCHEQUER ISSUES AND LOCAL REVENUE COLLECTION BY ON MONTHLY BASIS 2019-2020.

Month	Local Revenue	Exchequer Issues
July	110,950,638	0
August	164,898,523	0
September	261,239,934	1,228,083,300
October	246,980,210	632,224,439
November	208,062,247	0
December	228,135,477	824,676,155
January	286,662,913	949,232,625
February	421,502,866	1,592,730,838
March	634,772,214	564,636,000
April	203,268,450	40,134,590
May	161,450,270	741,084,750
June	332,130,650	1,517,641,228
<b>Total</b>	<b>3,260,008,335</b>	<b>8,090,443,924</b>

*To compare Revenue collection between two major sources*

### ANNEX 2: COMPARISON OF LOCAL REVENUE BETWEEN FY 2015/2016 TO FY 2019/2020

MONTH	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
JULY	138,888,662	78,327,409	128,948,779	91,417,758	110,950,638
AUGUST	121,870,568	138,978,980	79,974,633	131,852,605	164,898,523
SEPTEMBER	123,410,370	134,037,320	98,958,707	75,372,653	261,239,934
OCTOBER	115,703,161	160,474,776	91,999,794	195,706,353	246,980,210
NOVEMBER	122,057,894	183,999,072	90,326,887	147,841,146	208,062,247
DECEMBER	115,254,598	151,828,812	88,025,962	363,008,810	228,135,477
JANUARY	337,339,057	321,392,757	218,656,932	437,327,591	286,662,913
FEBRUARY	200,260,788	303,286,028	202,052,628	423,072,353	421,502,866
MARCH	308,215,252	469,422,317	677,958,599	745,066,240	634,772,214
APRIL	612,075,951	365,071,728	677,126,092	472,840,320	203,268,450
MAY	376,582,733	328,912,588	254,091,979	208,729,502	161,450,270
JUNE	371,871,652	530,509,174	551,010,104	412,062,041	332,130,650
<b>TOTAL</b>	<b>2,943,530,686</b>	<b>3,166,240,961</b>	<b>3,168,013,709</b>	<b>3,704,297,372</b>	<b>3,260,008,335</b>

*To Compare Local Revenue between five fiscal years*

**ANNEX 3: COMPUTATION OF MONTHLY EXCHEQUER ISSUES BETWEEN FY  
2015/2016 TO FY 2019/2020**

	<b>KSHS.</b>	<b>KSHS.</b>	<b>KSHS.</b>	<b>KSHS.</b>	
<b>MONTH</b>	<b>EXCHEQUER ISSUES 2015-2016</b>	<b>EXCHEQUER ISSUES 2016-2017</b>	<b>EXCHEQUER ISSUES 2017-2018</b>	<b>EXCHEQUER ISSUES 2018-2019</b>	<b>EXCHEQUER ISSUES 2019-2020</b>
<b>JULY</b>	0	0	597,970,752	0	0
<b>AUGUST</b>	448,064,387	1,037,748,641	0	430,761,965	0
<b>SEPTEMBER</b>	0	501,676,603	473,286,618	587,699,500	1,228,083,300
<b>OCTOBER</b>	957,032,726	518,083,015	0	741,181,901	632,224,439
<b>NOVEMBER</b>	517,858,857	558,883,251	996,790,289	875,741,969	0
<b>DECEMBER</b>	517,237,435	501,676,603	843,101,778	822,680,000	824,676,155
<b>JANUARY</b>	450,078,941	478,282,890	866,001,087	944,297,016	949,232,625
<b>FEBRUARY</b>	448,064,387	15,105,000	683,706,112	794,895,339	1,592,730,838
<b>MARCH</b>	12,399,574	577,456,833	712,190,289	0	564,636,000
<b>APRIL</b>	500,043,327	525,787,311	78,786,439	1,515,161,166	40,134,590
<b>MAY</b>	955,030,610	1,111,343,905	824,219,384	54,151,120	741,084,750
<b>JUNE</b>	933,956,255	538,706,387	2,786,366,845	2,449,218,601	1,517,641,228
<b>TOTAL</b>	<b>5,739,766,499</b>	<b>6,364,750,439</b>	<b>8,862,419,593</b>	<b>9,215,788,577</b>	<b>8,090,443,924</b>