



**COUNTY GOVERNMENT OF MOMBASA
COUNTY TREASURY**

MEDIUM TERM

FISCAL STRATEGY PAPER

©February 2021

Foreword

The 2021 Mombasa County Fiscal Strategy Paper (CFSP) is prepared against a background of a contracting global economy occasioned by the outbreak and the rapid spread of the Covid-19 Pandemic. The Pandemic and the ensuing containment measures have devastated the County's economy disrupting businesses and livelihoods.

This CFSP identifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for Financial Year (FY) 2021/2022 and the Medium Term in accordance with the Public Finance Management Act 2012, section 117(1) which stipulates that the County Treasury should prepare the Fiscal Strategy Paper for the County.

The strategy covers the following broad areas: review of the fiscal performance of the first half of FY 2020/2021; highlights of the recent economic developments and economic outlook; broad strategic priorities and policies for FY 2021/2022 as indicated in the Medium-Term Fiscal Framework and as outlined in the Mombasa County Integrated Development Plan (CIDP) 2018-2022.

The County priorities and goals outlined herein are based on the County Integrated Development Plan 2018-2022 and the inputs from stakeholders. 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
- Public and onsite Infrastructure development

This strategy will also compliment the National Government's "Big Four" development agenda, the Mombasa Vision 2035 and all other development blueprints. The critical programmes to be implemented are expected to stimulate the County's socio-economic development and revamp the economy.



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FINANCE AND ECONOMIC PLANNING

Acknowledgement

The Mombasa County Fiscal Strategy Paper 2021/2022 has been prepared in compliance with the provisions of the Public Finance Management Act, 2012. It outlines the current state of the economy, provides macro-fiscal outlook over the medium term and specifies the set strategic priorities and policy goals together with a summary of Government spending plans, as a basis of the FY 2021/22 budget.

This Strategy Paper sets out broad strategic priorities and policy goals that will guide the Mombasa County Government in preparing its budget for the Financial Year 2021/2022 and over the medium term is expected to improve the public's understanding of Kenya's public finances and guide public debate on economic and development matters.

The preparation of this fiscal strategy paper continues to be a collaborative effort from an array of expertise of professionals and key stakeholders in the County. We are grateful for their inputs and the comments from the Commission for Revenue Allocation and other stakeholders.

Immense appreciation goes to the Executive Member for Finance and Economic Planning for her impactful input, good will and guidance provided during the entire period of preparing this document. The Budget and Economic Planning and Accounting units spent significant amount of time consolidating and enriching this policy document.

We are particularly grateful to Ms. Jane Githui (Director Budget & Economic Planning) and Mr. Affan Mohamed (Director Revenue) for working tirelessly and for their unwavering dedication, commitment and industry in the development of this document.



MS. ASHA ABDI

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FINANCE AND ECONOMIC PLANNING

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Abbreviations and Acronyms

| | |
|------------------|---|
| ADP | Annual Development Plan |
| BBB | Building Back Better |
| CAPEX | Capital Expenditure |
| CBEF | County Budget and Economic Forum |
| CIDP | County Integrated Development Plan |
| CFSP | County Fiscal Strategy Paper |
| CGM | County Government of Mombasa |
| COB | Controller of Budget |
| COVID -19 | Corona Virus Disease of 2019 |
| ECDE | Early Childhood Development |
| EPZ | Economic Processing Zone |
| ERS | Economic Recovery Strategy |
| FDI | Foreign Direct Investments |
| FY | Financial Year |
| GCP | Gross County Product |
| G-Pay | Government pay System |
| ICT | Information Communication Technology |
| IFMIS | Integrated Financial Management Information System |
| KNBS | Kenya National Bureau of Statistics |
| KIHBS | Kenya Integrated Household and Budget Survey |
| KIRDI | Kenya Industrial Research and Development Institute |
| KNBS | Kenya National Bureau of Statistics |
| MTEF | Medium Term Expenditure Framework |
| MTP | Medium Term Plan |
| NMTs | Non-Motorized Transport |
| OSR | Own Source of Revenue |
| PFM | Public Finance Management |
| SEZ | Special Economic Zone |

Executive Summary

The fiscal strategy of the County Government of Mombasa for the year 2021/2022 is set out in this paper. The CFSP is prepared in accordance to PFM Act section 117 which states that, the County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper (CFSP) for approval and then shall submit the approved Fiscal Strategy Paper to the County Assembly, by the 28th February of each year. The contents of the CFSP are largely informed by the PFM Act section 117(2) which provides for the aligning of the CFSP with the national objectives in the Budget Policy Statement.

The fiscal framework is guided by various principles which are in line with the medium-term expenditure framework, the County Integrated Development Plan (CIDP) 2018-2022 which is aligned to the National Government's development agenda of the Kenya Vision 2030 that is currently being implemented through the Third Medium Term Plan (MTP III) which will augment economic transformation by complimenting key programs under "The Big Four" planned for job creation and shared prosperity.

The focus will be on boosting manufacturing activities, improving food and nutrition security, achieving a universal health coverage and supporting construction of decent and affordable housing for Kenyans. In addition, priority will be given to development enablers such as macroeconomic stability, business environment infrastructure, security, social sector investments, and public sector reforms.

The County will initiate a revamped revenue strategy that will ensure increased and efficient own source revenue mobilization and collection which will result to a balanced budget with an overall objective of being self-reliant in budget financing. The County will purpose to ensure that the budget expenditures are consistent with the agreed county sectoral priorities with an increased allocation to capital expenditures while ensuring resources for operation and maintenance of capital stock are adequately provided for while at the same time providing sufficient fiscal space for infrastructural and social programmes necessary to implement the Strategy and the CIDP 2018-2022 in the long term.

The critical programmes to be implemented are expected to accelerate economic activities and improve socio-economic welfare and economic growth. 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.

The fiscal strategy Paper serves as the basis for the preparation of the annual estimates of revenue and expenditure for the County of Mombasa Budget 2021/22.

Legal Context

The Mombasa County Fiscal Strategy Paper is prepared in accordance with Section 117 of the Public Finance Management Act, 2012. It states that;

- (1) The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.
- (2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
- (3) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.
- (4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

(5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of —

(a) The Commission on Revenue Allocation;

(b) The public;

(c) Any interested persons or groups; and

(d) Any other forum that is established by legislation.

(6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments.

(7) The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.

(8) The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.

Fiscal Responsibility Principle

In line with the Constitution, the new Public Finance Management (PFM) Act, 2012, sets out the responsibility principles to ensure prudence and transparency in the management of public resources.

The PFM law (Section 15) states that:

1. Over the medium term, a minimum of 30 percent of the national budget shall be allocated to development expenditure
2. The national government's expenditure on wages and benefits for public officers shall not exceed a percentage of the national government revenue as prescribed by the regulations.
3. Over the medium term, the national government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure
4. Public debt and obligations shall be maintained at a sustainable level as approved by Parliament and county assembly.
5. Fiscal risks shall be managed prudently.
6. 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.

Objective

The objective of the 2021/2022 County Fiscal Strategy Paper is to lay down the frame work for the preparation of the County budget. It is a requirement under section 117 of the Public Finance Management Act, 2012 that each County Treasury shall prepare and submit to the County Executive Committee the Fiscal Strategy Paper for approval, and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by the 28th February of each year.

This Fiscal Strategy Paper contains the following:

- The principles that will guide the 2021/2022 budgetary process;
- The broad fiscal parameters for the 2021/2022 budget and the key strategies and policies for management of revenues and expenditures;
- The broad strategic priorities and policy goals that will guide the preparation of the budget over the medium term;
- A discussion of risks to the budget parameters and Budget Strategies;
- The medium-term outlook for county government revenues and expenditures;
- A discussion of how the Budget Strategies relates to the County priorities as drawn from the County Integrated Development Plan (CIDP) 2018-2022; and
- A framework for the preparation of departmental budget estimates and the development of detailed budget policies

Outline of the 2021/2022 Fiscal Strategy Paper

The Fiscal Strategy Paper is presented in four Chapters. The introduction presented in Chapter One, presents the recent Economic Developments and Medium-term Outlook which gives an overview of the global, national, regional and county economic development outlook.

Chapter two outlines the Mombasa County Plan for Building Back Better: “Strategy for Resilient and Sustainable Economic Recovery”.

In chapter three the paper describes the Fiscal Policy and Budget Framework with;

Chapter four presenting the Medium-term Expenditure Framework for the 2021/22-2023/24 financial years.

CHAPTER ONE

1.0 RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK

1.1: Overview

1. In 2020, the Kenyan economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. As a result, our economy contracted by 5.7 percent in the second quarter of 2020 from a growth of 4.9 percent in the first quarter in 2020.
2. The economy is therefore estimated to slow down to a growth of around 0.6 percent in 2020 from the earlier projection of 2.6 percent in the 2020 Budget Review and Outlook Paper (BROP). Economic growth is projected to recover to 6.4 percent in 2021 due to in part, the lower base effect in 2020. In terms of fiscal years, economic growth is projected to grow by 3.5 percent in FY 2020/21 and further to 6.2 percent over the medium term.
3. The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that support exports. Year-on year overall inflation remained within the Government target range of 5 ± 2.5 percent in December 2020 at 5.6 percent from 5.8 percent in December 2019. This lower inflation was mainly supported by a reduction in food prices.
4. The foreign exchange market has been volatile and partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 pandemic. Despite this, the current account deficit is estimated to improve to 5.1 percent in 2020 from 5.8 percent in 2019 mainly supported by an improvement in the trade balance.

1.2: Recent Economic Development and Outlook

Global and Regional Economic Developments

5. 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 4.4 percent in 2020 from a growth of 2.8 percent in 2019. This economic outlook is worse than the growth reported during the 2008 - 2009 global financial crisis.
6. Advanced economies are projected to contract by 5.8 percent in 2020 from a growth of 1.7 percent in 2019. Significant contraction of the economy is projected in the United States (-4.3 percent), Japan (-5.3 percent) and the United Kingdom (- 9.8 percent).

Growth in the Euro area is expected to contract by 8.3 percent in 2020 from a growth of 1.3 percent in 2019.

7. The emerging markets and developing economies are also projected to contract by 3.3 percent in 2020 from a growth of 3.7 percent in 2019. All major economies are projected to contract in 2020 except China which is projected to grow by 1.9 percent, a slowdown from a growth of 6.1 percent in 2019. Growth in the East African Community (EAC) region is estimated to improve to 6.0 percent in 2020 from 5.6 percent in 2019 mostly supported by the stable macroeconomic environment, rebound in agricultural activities on the backdrop of favorable weather conditions, ongoing infrastructure investments, and strong private consumption.
8. The Sub-Saharan African region has not been spared the negative impact of the pandemic with the region projected to contract by 3.0 percent in 2020 from a growth of 3.2 percent in 2019. The largest impact of the crisis on growth has been for tourism-dependent economies, while commodity-exporting countries have also been hit hard. Growth in more diversified economies will slow significantly, but in many cases will still be positive in 2020.
9. Growth in the East African Community (EAC) region is estimated to slow down to 1.0 percent in 2020 compared to a growth of 6.2 percent in 2019. This growth will be supported by positive growths in Kenya, Tanzania and Rwanda. Economic activities in Burundi and Uganda are expected to contract in 2020.

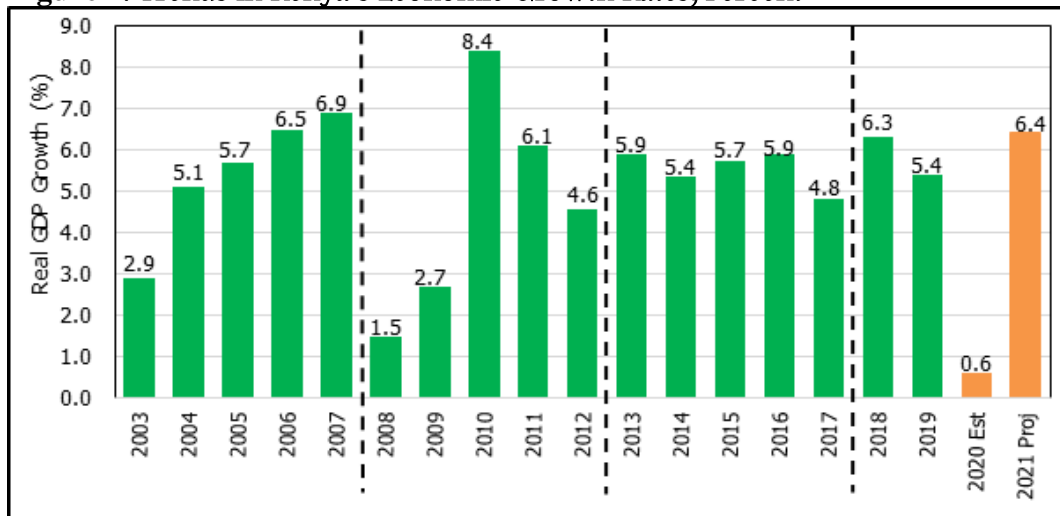
Table 1: Global Economic Growth, Percent

| Economy | 2019 | 2020* | 2021** |
|---|-------------|--------------|---------------|
| World | 2.8 | (4.4) | 5.2 |
| Advanced Economies | 1.7 | (5.8) | 3.9 |
| Of which: USA | 2.2 | (4.3) | 3.1 |
| Emerging and Developing Economies | 3.7 | (3.3) | 6.0 |
| Of which: China | 6.1 | 1.9 | 8.2 |
| India | 4.2 | (10.3) | 8.8 |
| Sub-Saharan Africa | 3.2 | (3.0) | 3.1 |
| Of which: South Africa | 0.2 | (8.0) | 3.0 |
| Nigeria | 2.2 | (4.3) | 1.7 |
| EAC-5 | 6.2 | 1.0 | 4.5 |
| Of which: Kenya*** | 5.4 | 0.6 | 6.4 |
| <i>* Estimate ** Projected</i> | | | |
| <i>EAC-5: Burundi, Kenya, Rwanda, Tanzania and Uganda</i> | | | |

Domestic Economic Developments

10. Prior to the outbreak of Covid-19 pandemic, Kenya's economy was strong and resilient despite the challenging global environment. The broad-based economic growth for 2018 and 2019 averaged 5.9 percent outperforming the 5.5 percent for the previous 5 years (2013 to 2017) and the average growth rate of 4.7 percent in the period 2008 to 2012 (Figure 1).
11. In 2020, the Kenyan economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. As a result, our economy is estimated to slow down to around 0.6 percent in 2020 from a growth of 5.4 percent in 2019. Looking ahead, the economy is projected to recover and grow by about 6.4 percent in 2021 and above 6.2 percent over the medium term.

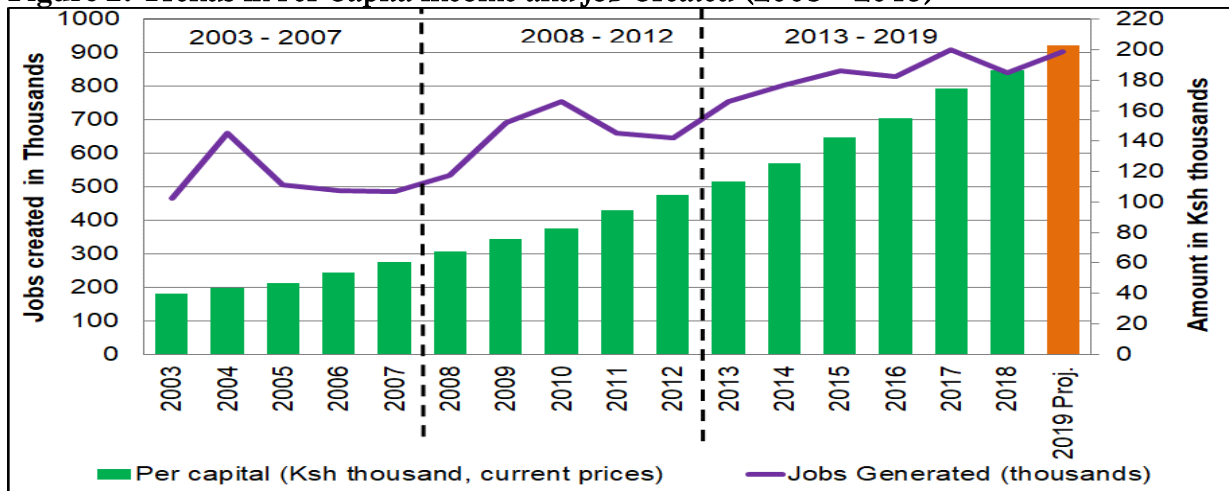
Figure 1: Trends in Kenya's Economic Growth Rates, Percent



Source: Kenya National Bureau of Statistics, 2021

12. Per capita income rose from Ksh 113,539 in 2013 to Ksh 204,783 in 2019, a compounded annual growth rate of 11.5 percent. This enabled generation of around 827,000 new jobs per year in the period 2013 - 2019 up from 656,500 new jobs per year in the period 2008 -2012 (Figure 2).

Figure 2: Trends in Per Capita Income and Job Created (2003 - 2019)



Source: Kenya National Bureau of Statistics, 2021

1.3. Quarterly GDP growth of 2020

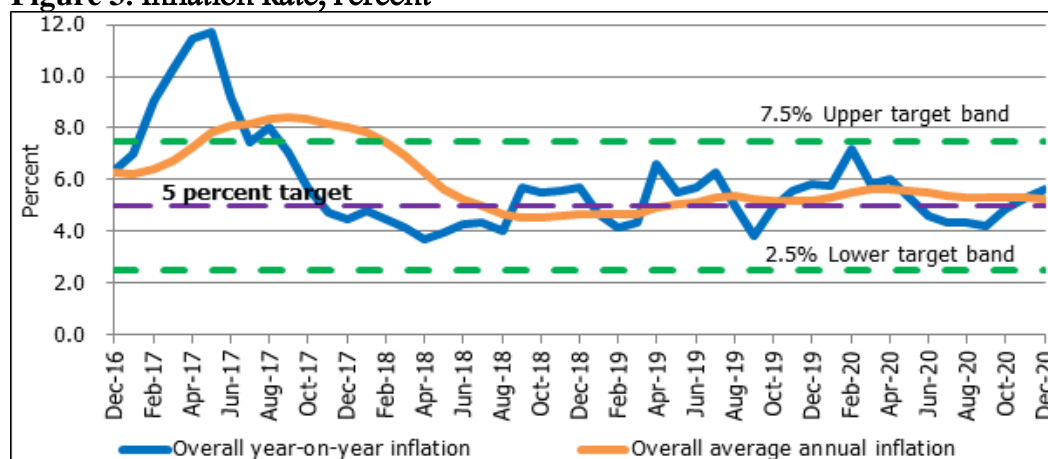
13. The economy grew by 4.9 percent in the first quarter of 2020 compared to a growth of 5.5 percent in the first quarter of 2019. The slowdown in quarter one was as a result of the decline in economic activities in most of the country’s major trading partners due to the uncertainty associated with the Covid-19 pandemic (Table 2).
14. The economy further contracted by 5.7 percent in quarter two of 2020 from a growth of 5.3 percent in the same quarter in 2019. The poor performance in the quarter was to a large extent negatively affected by measures aimed at containing the spread of the Covid-19. As a result, the performance of most sectors of the economy contracted in the second quarter of 2020. However, the economy was supported by improved performance of Agriculture, Forestry and Fishing activities), Health Services and Mining and Quarrying activities.
15. The agriculture sector recorded an improved growth of 6.4 percent in the second quarter of 2020 compared to a growth of 2.9 percent in the corresponding quarter of 2019. The sector’s performance was supported by a notable increase in tea production, cane deliveries, milk intake and fruit exports. The sector’s contribution to GDP growth was at 1.5 percentage points in the second quarter of 2020 compared to 0.7 percentage points over the same period in 2019.
16. The non-agriculture (service and industry) sectors were adversely affected by the Covid-19 pandemic during the second quarter of 2020. As a result, the sector contracted by 8.5 percent in the second quarter of 2020 down from a growth of 6.4 percent in a similar quarter in 2019. The sector’s contribution to real GDP was 5.6 percentage points in the second quarter of 2020 compared to a contribution of 4.3 percentage points in the same quarter of 2019.

17. Services sector contracted by 11.0 percent in the second quarter of 2020 compared to a growth of 6.8 percent in the same quarter in 2019. The decline was largely characterized by substantial contractions in Accommodation and Food Services (83.3 percent), Education (56.2 percent), and Transportation and Storage (11.6 percent). Growth in the service sub-sector was mainly supported by financial and Insurance, Information and communication and Public Administration. The Services sub-sector contributed -5.4 percentage point to real GDP growth in the second quarter of 2020 compared to the 3.3 percentage point contribution in the same quarter of 2019.
18. The industry sector contracted by 1.0 percent in the second quarter of 2020 compared to a growth of 5.4 percent in the same quarter of 2019. This was mainly due to a decline in activities in the electricity and water supply and manufacturing sub-sectors. The industry sector was however supported by the Construction sector which grew by 3.9 percent in the second quarter of 2020. The industry sector accounted for -0.2 percentage points of growth in the second quarter of 2020 compared to 0.7 percentage point contribution to GDP in 2019.

Inflation Rate

19. Year-on-year overall inflation rate remained low, stable and within the Government target range of 5+/-2.5 percent since end 2017 demonstrating prudent monetary policies. The inflation rate was at 5.6 percent in December 2020 from 5.8 percent in December 2019. This lower inflation was supported by a reduction in food prices (Figure 3).

Figure 3: Inflation Rate, Percent



Source of Data: Kenya National Bureau of Statistics

20. Core inflation (Non-Food-Non-Fuel) contribution to inflation remain low at 0.8 percent in December 2020 compared to 0.4 percent in December 2019 reflecting muted demand pressures in the economy on account of prudent monetary policies. However, the contribution of fuel inflation to overall year-on-year inflation rose to 1.7 percent in December 2020 from 0.6 percent in December 2019 on account of increasing international fuel prices.
21. The major driver of the overall inflation has been food inflation, but its contribution to overall inflation has declined from 4.5 percent in December 2019 to 2.9 percent in December 2020 on account of a reduction in food prices.
22. Kenya's rate of inflation compares favorably with the rest of Sub-Saharan Africa countries. In December 2020, Kenya recorded a lower inflation rate than Burundi, Ghana, Nigeria, Zambia and Ethiopia.

Kenya Shilling Exchange Rate

23. The foreign exchange market has largely remained stable but was partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 pandemic. In this regard, the Kenya Shilling to the dollar exchanged at Ksh 110.6 in December 2020 compared to Ksh 101.5 in December 2019.
24. Like most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by only 9.0 percent against the US Dollar (Figure 8). This stability in the Kenya Shilling was supported by increased remittances and adequate foreign exchange reserves.

Interest Rates

25. Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.00 percent on November 26, 2020 same as in April 2020 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises, distressed by COVID-19 pandemic. The interbank rate declined to 5.1 percent in December 2020 from 6.0 percent in December 2019 in line with the easing of the monetary policy and adequate liquidity in the money market.
26. The 91-day Treasury Bills rate was at 6.9 percent in December 2020 from 7.2 percent in December 2019. Over the same period, the 182-day Treasury Bills rate declined to 7.4 percent from 8.2 percent while the 364-day decreased to 8.3 percent from 9.8 percent.

Fiscal Performance

27. Budget execution in the first half for the FY 2020/21 was hampered by revenue shortfalls and rising expenditure pressures. The shortfalls in revenues reflect the weak business environment and the impact of the tax reliefs implemented in April 2020 to support people and businesses from the adverse effect of Covid-19 Pandemic. Revenues are expected to progressively improve in the second half of the fiscal year following the gradual reopening of the economy and the increased demand for imports as well as improved domestic sales.
28. The County Government has embarked on expenditure rationalization and prioritization to ensure that expenditures are on the most impactful programmes that yield the highest welfare benefits to Kenyans.

1.4: Revenue Performance

29. In the first half of the current financial year 2020/2021, as at 30th December 2020 the actual revenue attained was Ksh 3,418,679,107 which is 23 % of the total estimated budget of Ksh 14,634,579,687. The National Government transfers was Ksh 2,329,123,500 and local revenue of Ksh 1,079,839,414.
30. Comparatively the same period in the 2019/2020 FY the revenues realized was Ksh. 3,785,170,258 which was 28% of the total estimated budget of Ksh. 13,670,000,000. The National Government transfers was 2,685,029,951 and own source revenue was Ksh 1,100,140,307.
31. In the 2019/20 FY, 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 exchequer issues and 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.
32. 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.

1.5: Expenditure Performance

33. 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.
34. 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.
35. Recurrent expenditure was 94% amounting 8.9 billion which comprised of personnel emoluments, operations and maintenance.
36. 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.
37. In arriving at the revenues and expenditures above, the cash basis was used and therefore uncollected revenues and pending bills were excluded.

1.6: 2019/2020 FY Fiscal Policy

38. Reflecting the above performance in revenue and expenditure, the County had a deficit in its budget with an absorption rate of 83 percent of the overall budget. There was an overall fiscal balance of approximately Ksh 2.2 billion. This is the Cashbook balance and may differ from the bank balance due to reconciliation items that is un-credited receipts and un-cleared real time gross settlements (RTGS) and cheques.
39. The County had a fiscal deficit of Kshs. 2.2 Billion to finance which was attributed to unrealized revenue.
40. The County Government continues to put up stringent measures that ensures that the budget deficit is reduced and adjustments will be made to fiscal aggregates to reflect revisions in the macroeconomic projections as well as revenue performance for the last two quarters of FY 2020/21;
41. Taking into account the slower pace of execution of the budget by County Departments, the reasons for the deviations, as explained above, from the financial objectives include: lower than projected revenue collection; under-spending in both recurrent and development; under-reporting on donor funding by Departments thus the base line

ceilings for spending agencies will be adjusted and then firmed up in the next CFSP 2021.

42. While we expect the economy to remain resilient, our projections remain cautious. We expect Revenue growth to be 10 percent in 2020/21; representing a steady 10 percent revision upwards from the 10 percent projected in the CFSP 2020.
43. To achieve this target, the Government will reprioritize in recurrent spending to only the basic necessities and double its effort in domestic resource mobilization. Revenue performance will be underpinned by the on-going reforms in tax policy and revenue administration and boosted by economic recovery occasioned by the Economic Stimulus Programme and the planned Post Covid-19 Economic Recovery Strategy.
44. The under-spending in both recurrent and development budget for the FY 2019/20 additionally has implications on the base used to project expenditures in the FY 2020/21 and the medium term. Appropriate revisions have been undertaken in the context of this CFSP, taking into account the budget outturn for the FY 2019/20. The County Treasury will work closely with the implementing Departments to fast-track absorption.
45. 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.
46. The county intends to initiate a catalyst fund geared towards the support of the various economic stimulus projects earmarked in the county to cater for projects facilitation, consultancy expenses and transaction costs to ensure acquisition of finances for the onset of the said projects.
47. 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 will increase the overall Departmental absorption rate and this trend to a greater extent should be maintained if not improved further.

1.7: Economic Outlook

48. 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.
49. 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 2021/22 by encouraging more private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.

50. The growth of the outlook for the calendar year 2020 and the FY 2020/21 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.
51. 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.
52. 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.
53. 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.

1.8: Risks to the Economic Outlook

54. 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 safer, reconfiguration of disrupted global supply chains, extent of cross-border spill overs occasioned by weaker external demand and funding shortfalls.
55. 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.

56. 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.
57. 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.
58. 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 36% of the overall county budget which is 1% above the statutory requirement of 35%. Despite the fact that the percentage in personnel emoluments seems to have remained at 36%, 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.
59. 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.
60. 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.
61. 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.
62. The 2021 Mombasa County Fiscal Strategy Paper identifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for Financial Year (FY) 2021/2022 and the Medium Term. The paper covers the following broad areas: review of the fiscal performance of FY 2019/20, the fiscal performance of first half of the FY 2020/2021; highlights of the recent economic developments and economic outlook; broad strategic priorities and policies for FY 2021/2022 as outlined in the Medium-Term Fiscal Framework and in the Mombasa County Integrated Development Plan (CIDP) 2018-2022.

63. 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;

- ✓ 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

64. 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. 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.

CHAPTER TWO

2.0: BUILDING BACK BETTER: STRATEGY FOR RESILIENT AND SUSTAINABLE ECONOMIC RECOVERY”

2.1: Introduction

65. The Covid-19 Pandemic has devastated global economies with Kenya not being spared. On the domestic front, the economic impact of the Pandemic is already being felt across all sectors of the economy. Thus, 2021 CFSP is premised on the need to urgently overcome the immediate socio-economic challenges that the county faces today. At the heart of the policies in this document, is the desire to foster a conducive environment critical to return the economy back to our long-term growth path, while at the same time, providing impetus for building a cohesive and prosperous Kenya.
66. The 2021 CFSP, therefore articulates priority economic policies and structural reforms as well as sectoral expenditure programs to be implemented under the Medium-Term Expenditure Framework for FY 2021/22– 23/24 in order to achieve the County Government’s development goal of economic transformation for a shared prosperity.
67. To respond to the current challenges and cushion the citizens and businesses from the adverse effects of the Pandemic, the County Government has embarked on implementing an Economic Stimulus Programme - whose objective is to return the economy to the growth trajectory it was on pre-Corona by increasing demand for local goods and services, cushioning vulnerable Kenyans, securing household food security for the poor, and creating employment and incomes.
68. The County Government has launched a domesticated Economic Recovery Strategy to compliment the National Government’s Post Covid-19 Economic Recovery Strategy (ERS) 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.
69. Successful implementation of the Post-Covid-19 ERS is predicated on faster implementation of policy, legal and institutional reforms that are necessary for effective implementation of the Strategy. The Government will ensure that all the proposed policies and legislation are implemented within the specified time lines.

2.2: County Priority areas

70. 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. 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
71. 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

2.3 Implementing the Post-Covid-19 Economic Recovery Strategy

72. 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.

2.3.1. Key Pillars of the Recovery Strategy

73. 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.

74. **Boosting Private Sector Activity:** The private sector plays a critical role in the Mombasa County economy in reducing poverty through income generating opportunities for the vulnerable households. The KNBS 2016 data shows that most of the private sector activities (62.2%) are in 13 the services sector with only 6.6 per cent in manufacturing. In terms of size, most of the enterprises in the County are in the micro category (86.1%), 13.4% are small, and 0.5 per cent are medium enterprises. Since most firms are micro in nature, this implies that the informal sector tends to dominate the private sector in Mombasa County.

75. Services sector activities include the wholesale and retail trade, repair of motor vehicles and motorcycles (62.2%); arts, entertainment and recreation (9.5%); accommodation and food services (6.6%). Covid-19 disrupted the operations of businesses and supply chains hence affecting demand and supply of most goods and services in the County. Overall, majority of the MSMEs (44.4%) in Mombasa County get their raw materials from their peer MSMEs within the County. MSMEs generally sell their products to individual consumers (93.9%) within the County. This means that when some firms are adversely affected this tend to spread fast in the private sector. MSMEs face various challenges in the County. This including financial and technical capacity, market environment, and worksite and related infrastructure (KIPPRA 2019, KNBS, 2016).

76. Medium Size Enterprises face inadequate and unequipped worksites, lack of public toilet facilities, lack designated areas for waste disposal, poor road infrastructure, frequent power interruptions. On technical capacity MSEs are characterized by low levels of innovation, lack of training and apprenticeship programme for artisans, fragmentation due to multiplicity of players who offer training and capacity building, and lack of monitoring and evaluation of training programmes.

77. With the market environment, MSEs face inadequate market for their local products; stiff competition among themselves; and unfair trade practices which manifest through; contract enforcement, counterfeiting, dumping (substandard goods) and misrepresentation (through weight, price, ingredient). MSEs also face bottlenecks related to; insecurity; multiple licenses and permits; numerous procedures for obtaining licenses; and shortage of raw materials.

78. The crisis offered an opportunity to address the County's structural issues, especially through private sector development and collaboration, in designing new growth models in industrial/manufacturing development and innovation and participation in national and global value chains are also useful especially through:

- Agro processing for value addition with important areas of focus include coconut, mango, fish, cassava, cotton, cashew nuts, leather production and processing.
- The textile and wearing apparel sectors can be enhanced to provide PPEs for use within the County and potentially for the export market.
- Exploration and processing of minerals such as cement, coral rock harvesting, quarrying, ballast and sand harvesting for both domestic and export markets.

79. In strengthening the private sector, efforts targeted at improving the business environment, the county will;

- ✓ In partnership with other institutions both from public and private spheres facilitate development of adequate and well-equipped worksites with workshops, common user facilities, incubation centres and showrooms for artisans which is cluster informed and fully serviced.
- ✓ Collaborate with the Anti-Counterfeit Agency (ACA) and Kenya Revenue Authority (KERA) to sensitize MSEs on issues of counterfeits and dumping of goods.
- ✓ Collaborate with relevant stakeholders and institutions such as Kenya Institute of Business Training (KIBT) and National Industrial Training Authority (NITA) to provide entrepreneurial training and technical training, apprenticeship and certification programmes to MSEs.
- ✓ Collaborate with the National government to ensure security is enhanced to reduce on crime and create a peaceful business environment.
- ✓ Provide access to affordable renewable energy in collaboration with the national government and other stakeholders for sustainable development.
- ✓ Initiate and strengthen self-sustaining funds dedicated and easily accessible to MSMEs in the County; promote tailor made financial literacy programmes for MSMEs; and establish a framework for micro-leasing for the MSMEs.
- ✓ Improve infrastructure and promote private sector investment in specific sectors of the

economy including Manufacturing, Light Industries, and Transport and Logistics with a focus on Promoting Exports.

- ✓ Enter partnerships with neighboring counties that seek to facilitate trade including but not limited to harmonizing number of licenses or permits obtained by MSEs.
- ✓ Enhance market access for private sector both locally and regionally by developing the regional bloc value chains, market diversification and facilitating greater use of ecommerce in shifting transactions to digital economy.

80. Policy, Legislatives, and Institutional Reforms; Mombasa County has numerous laws regulating finance, water and sewerage, outdoor advertising, port health, local tourism, childcare, education and trade licensing. It has also enacted critical legislative frameworks such as the Mombasa County Public Participation Act, 2017, the Mombasa County Disaster Preparedness and Emergency Management Act, 2017, the Mombasa County Reproductive Healthcare Act, 2017 and the Mombasa County Environmental Health and Sanitation Act, 2017. The County also has bills under consideration by the County Assembly such as the Mombasa County Quality in Learning and Teaching Bill, 2015 and the Mombasa County Medical Facilities and Services Co-ordination Bill, 2014.

81. In strengthening the law to play a critical role in preventing and mitigating health consequences of emergencies such as the COVID-19 pandemic, which is continuously evolving, the County will:

- ✓ Provide a framework for prescribing measures to address Covid-19 and other infectious diseases. This would cushion the County in future and raise its level of preparedness in the event of a surge, or re-emerging or emerging infectious diseases.
- ✓ Collaborate with expert agencies such as Kenya Law Reform Commission and International Development Law Organization to strengthen the County's public health laws as an intervention tool in supporting the County's public health systems and to reflect current modern terminologies, trends and practices.
- ✓ Enact critical laws such as those regulating the County Medical Facilities and Services Co-ordination. iv. Strengthen intergovernmental relations and coordination in implementation of government policies at national and county levels.

82. Strengthening County Government's Preparedness and Response to Pandemic and Disasters; Mombasa County is prone to floods and has enacted a Mombasa County Disaster Preparedness and Emergency Management Act, 2017 in response to these existing challenges. Even then, the County has not been spared by the Covid-19 pandemic which has negatively affected its residents. In response to this situation, the County will implement the strategies highlighted below:

- ✓ Promote research initiatives within the County in collaboration with relevant research institutes, scientists, academia, private sector, non-governmental organizations and public health experts.
- ✓ Actively engage professional health bodies such as Kenya Medical Practitioners and Dentists Council to sensitize health staff on their duties, responsibilities, obligations and roles in the event of pandemics and other disease outbreaks.
- ✓ Enlist the assistance of experts on Covid-19 from different fields and disciplines to engage County staff to build their expertise on Covid-19 and other similar infectious diseases.
- ✓ Incorporate utilization of surveillance information in decision-making by key policy makers.
- ✓ Engage local communities including youth to be trained in emergency response to see more youth gainfully engaged in nation-building through income generating activities.
- ✓ Deepen consultations among health stakeholders and experts.

83. **Enhancing ICT Capacity for Business Continuity;** The status of ICT access and use in the county is low, especially among households. Approximately 61.8 per cent of the population aged 3 years and above own a mobile phone which is above the national average of 47.3 per cent. The high cost of services as well as the perception that the individual does not need to use the internet and lack of knowledge and skills on internet are the leading reasons that the people of in the County don't have internet connection. In the new normal driven COVID-19, the County will fast track the implementation of various projects to ensure business continuity and build resilience of the County against future pandemics and disasters as follows.

- ✓ Support programmes in partnership with the private sector that will enable households acquire ICT assets such as smart phones and laptops and increase mobile phone ownership from the low of 61.8 per cent to 100 per cent in line with the global agenda for Universal Access to Mobile Telephony
- ✓ Harness the power of technology and use innovative solutions to bridge the gender digital divide.
- ✓ Speed up the construction of fiber-optic broadband networks in the county and collaborate with telecom companies to upgrade and improve the communication networks in remote areas to guarantee the quality of internet in line with international standards.
- ✓ Collaborate with IT personnel in Universities to support the development of ICT competence and skills among the public and bolster a digital economy.

- ✓ Negotiate with the public primary schools for community access to ICT infrastructure and collaboratively build and equip youth empowerment, ICT centers and ICT laboratories as provided in the CIDP.
- ✓ Enhance internet connectivity to public buildings and key trade centres to boost e-commerce especially for MSMEs in trade and business. The National Optic Fiber Backbone (NOFBI) programme can be expanded to the sub-county administrative units to further enable deployment of e-governance solutions.
- ✓ Make ICT a stand-alone sector for planning and budget allocation. This is aimed at giving strategic prominence to planning, budgeting and investment in ICT.
- ✓ Review and implement ICT policies and procedures to manage ICT and mitigate cyber threats, disasters and pandemics. Collaborate with the national Computer Incident Response Team (CIRT) and the Communications Authority (CA) towards managing cyber threats. This is because enhanced use of ICT is known to raise threats and risks related to cyber-crime and misinformation.

84. **Promoting human Capital Development;** The Covid-19 pandemic made enterprises to lay off some of their workers due to economic crisis. The County population aged 15-64 years (labor force) was estimated at 565,381 people of whom 423,439 people were working and 141,942 were seeking work but work was not available representing an unemployment rate of 5.9 per cent (Kenya Population and Housing Census, 2019). From the May 2020 KNBS COVID-19 Survey, 16.0 per cent of the county labor force worked at least for 1 hour for pay; 19.7 per cent had never worked, and 21.4 per cent of employees did not attend work due to COVID-19 with other 83.5 per cent of employees working without any pay.

85. On average, workers in the County lost 13.4 hours per week due to COVID-19 and 29.0 percent of county residents recorded decrease in income while 1.0 percent recorded increase of income. The average years of schooling was 9.2 years out of the target of at least 12 years if entire population was to attain completed basic education including primary and secondary education (KIHBS 2015/16). The human development index was 0.49 out of a maximum of 1 as compared to national average of 0.52. The HDI measures extent to which the counties can mobilize the economic and professional potential of the citizens. With a rating of 0.49 this means the county lost about 51 per cent of her economic potential due to lack of adequate education and health. About 21.1 per cent of the children were stunted. Childhood stunting is associated with developmental delays that can significantly and adversely impact a person's ability to learn (both during and after the years in school), thereby limiting their ability to reach their full potential. As a such, this perpetuates inequality across

generations. The NHIF coverage was 31.8 percent while the number of children vaccinated was 78.6 per cent. To develop human capital the County will;

- ✓ Improve the quality of MSMEs products for enhanced productivity. The Mombasa County will partner with research institutions like Kenya Industrial Research and Development Institute (KIRDI) and the Productivity Centre at the Ministry of Industry to ensure enhanced quality of commodities produced by various small and micro enterprises in the county.
- ✓ Promote investment and entrepreneurship through provision of loans. Mombasa County will improve access to finance for small and medium enterprises through lending institutions. In addition, build capacity in areas related to marketing, operations, finance, and human resource development to enhance the chances of survival of SMEs.
- ✓ Build workplace resilience to public health emergencies and outbreaks of infectious diseases in all County economic sectors.
- ✓ Create more employment opportunities through the development of pro employment policies; investment in education and training and skills development; and investments within the key sectors of manufacturing, county infrastructure, tourism, technology and innovation.
- ✓ Improve access to finance for small and medium enterprises through lending institutions for sustained business.
- ✓ Enhance universal health access to collectively financed health services for all, including uninsured workers and their families. Invest in Community and public health including community health workers, water, sanitation, immunization and public health.

86. **Exploiting the Blue Economy;** The main economic activities driving the Gross County Product (GCP) in Mombasa County are Transport and Storage (27.0 per cent) and Manufacturing (14.0 per cent). The National Spatial Plan 2015-2045 identifies Mombasa as a key coastal urban centres that serves as a Port City and Gateway to East Africa. The Sea Port of Mombasa provides direct connectivity to over 80 Ports worldwide and is linked to a vast hinterland comprising countries in East Africa. Altogether, these countries account for approximately 27.0 per cent of the annual total cargo throughput at the port. Kenya has a 5,500 Kms of Fiber Optic Cable connecting Fujairah, UAE with the Port of Mombasa.

87. The national spatial plan designates Mombasa as one of the regions for selective concentration of urban based activities to leverage national competitiveness. It is identified as a destination for outward looking investment given its strengths as a player

in the global arena in terms of commerce, international transport and strong locational advantages. The country has invested in upgrading the port and railway infrastructure towards enhancing efficiency in transport and logistics in Mombasa and the hinterland.

88. According to the KIPPRA report on Enhancing Productivity and Competitiveness of the Kenyan Economy through a Cluster Development Strategy (2012), Mombasa was identified as a strategic cluster with advantages in Transport and Logistics, Marine Fisheries, Textile and Garments, Tea Value Addition and Auction and Beach Tourism. The County also has unique advantages in the Blue Economy.

89. The county will optimize its comparative advantage by:

- ✓ Locating external market oriented industrial and manufacturing activities in Mombasa to leverage on its transportation hub advantage.
- ✓ Formulating, approve and implement urban development plans that integrate land use and transport development to create a City-Port nexus for sustainable development.
- ✓ Providing infrastructure to support manufacturing value addition investments and human settlements.
- ✓ Implementing the blue economy strategy in fisheries, maritime transport and mineral exploration activities in the Indian Ocean.
- ✓ Formulating a strategy for local economic development (LED) to promote growth of the local economy through commerce and industry and for generation of employment and income.
- ✓ Concentrating urban based economic activities such as industrial and manufacturing of garments, textiles, fisheries and tea, ICT, knowledge-based services and biotechnology targeting global/ international markets.
- ✓ Modernizing and expanding Moi international airport Mombasa as a transport and logistics hub to complement the port and serve industrial and commercial needs of the coast region.

2.4. Our Priorities

90. The actualization of the key priority areas will complement the “Big Four” agenda and is expected to accelerate and sustain inclusive growth, create opportunities for decent jobs, reduce poverty and income inequality and ensure that we create a healthy and food secure society in which every Kenyan is guaranteed of affordable and decent housing and provide a better future for the Mombasa Citizenry and the Kenyans at large.

91. The overall objective is to realize sustainable, shared and equitable growth that would in return lead to accelerated job creation and improved livelihoods for the citizenry.

92. **Enhanced health services:** The Covid -19 pandemic was a wakeup call for Governments to ensure that health services are given outmost priority. In this regard, the County Government of Mombasa strives to achieve Universal Health care and will endeavor to ensure that its citizens have access to the best possible affordable and quality health services by heavily investing in the sector.
93. The County Government has a social protection strategy in place which prioritizes Universal Health Care thus ultimately reducing the out-of-pocket expenditure on health by advocating the enrolment of the citizens into the National Health Insurance fund.
94. The county hosts the Coast General Teaching and Referral Hospital which is the largest referral facility serving the entire coastal region and offers specialized health services. In order to complement this facility, the county has established satellite level 4 hospitals which have been equipped and upgraded so as to improve accessibility to the citizens and the region at large.
95. **Augment accessibility to safe potable water and sustained food security:** Portable water consumed in the County is managed by the Mombasa Water and Sewerage Company (MOWASCO). This entity obtains its main water supply from Mzima Springs in Taita Taveta County, Marere in Kwale County, Sabaki/Baricho in Kilifi County and also Tiwi Boreholes in Kwale County.
96. The projected water demand for the County is 186,000 cubic meters per day while the current supply is at 42,000 cubic meters. The available supply can only meet about 25% of the demand and thus there is need for concerted efforts to address the water deficit. The establishment of desalination plants that will address the shortfall has been prioritized within the county development plans. A large population relies on borehole water that contains a high percentage of fecal contamination and not safe for domestic use.
97. There are 452 shallow wells spread across the entire county, three permanent springs, four water pans found in the remote areas of the county and a number of boreholes operated by private investors, NGOs and local CBO's. These sources are complemented by the pipe water system. The piping system is rehabilitated in phases by the Coast Water Services Board with the support of the Water and Sanitation Development Project (WSDP) by the World Bank, as it is a capital-intensive project.
98. The County Government has a dedicated department that addresses all matters food security and harnessing of the blue economy. It has aligned its plans and strategies to address food security so as to complement a major component of the big four agenda and to ensure that there is sustainability in food security within the county.

99. **Public and onsite Infrastructure development:** As the county diversifies its economic activities and positions its self to becoming a preferred destination for investors both local and foreign so as to improve the quality of life for its citizens, it will establish onsite infrastructure. This is will stimulate the ailing economy by providing an enabling environment for investment and delivery of services by acting as a catalyst that ensures amongst others a vibrant 24 hours economy and also a preferred worldwide tourist destination.
100. In infrastructure development, the main interventions will be improvement of access roads, drainage, non-motorized transport, beautification and aesthetics of the County. To empower the SMES the county will continue to improve and set up trading infrastructure within the county.
101. The Department of Health continues to strategize and improve the support it offers to the community units which are manned by community health workers so as to address sanitation, hygiene and health issues as well as stepping up the water and sanitation programme compliance in the county.
102. **Sustainable Waste Management Services:** As the County aligns itself to the Green economy which is a global phenomenon, unstructured waste disposal continues to be the leading cause of environmental degradation due to lack of an efficient and effective solid waste management system. Due to the proliferation of illegal dumpsites witnessed within the county with piles of uncollected garbage littering most estates, the county is embarking on putting up structures and mechanisms so as to address the perennial menace.
103. An exponential amount of untreated sewage is being disposed into the Indian Ocean while solid waste is disposed at the Mwakirunge Dumpsites with only 17 per cent of the County being connected to the sanitation and sewerage system at Kipevu Sewerage plant. In this regard, the County Government is currently embarking on solid waste management initiatives with efforts in place to commission landfills that will adhere to environmental safeguards. The safe disposal of solid and liquid waste will inhibit disposal of raw and untreated waste into our water bodies.
104. **Integrated Quality Education, Gender empowerment, Youth & Sports improvement:** As the County nurtures a globally competitive workforce that will drive economic growth and spur job creation, rehabilitation and improvement of the Technical and Vocational Training Institutions (TVETs) is paramount.
105. To increase enrolment and retention in Early Childhood Education, the County is investing in construction of modern and state of the art ECDEs as well as rehabilitation and equipping of the existing ones. In addition, the County Government continues to issue bursaries for vocational training sponsorship to School leavers, dropouts and the

youth in general.

106. The County intends to exploit and tap into the Youth talents by ensuring we have adequate sporting facilities within the County for them nurture their talents. Provision of a revolving fund with the county's budget will empower Women, Youth and Persons living with disabilities so as to improve their standards of living and their quality of life.

107. **Affordable Housing Services and Land management:** Being the smallest County in land mass within the Country, housing and land management has been prioritized so as to provide a dignified, peaceful and stable coexistence of our citizens through planning, land administration and provision of decent, adequate and affordable housing.

108. The County will continue to work closely with the National Government in Planning and issuance of titles in the medium term and also repossession of all grabbed public land. In this regard, the County will take part in surveying, planning and land mapping to ensure investors and the residents are able to benefit from land as a factor of production.

109. In order to compliment the 'Big Four' agenda, the County has a mega program on Social Housing Units which entails Construction of 3,000 social housing units within the County owned dilapidated Estates.

2.3: County Economic and Fiscal Overview

110. This County Fiscal Strategy Paper 2021/22 is prepared at a time when Kenya has not been spared of the negative impact of the Covid-19 Pandemic. The Pandemic and the resultant containment measures have adversely affected businesses and economic activities. As a result, our economy contracted by 5.7 percent in the second quarter of 2020 from a growth of 4.9 percent in the first quarter of 2020 largely due to significant contractions in the services and industry sub-sectors.

111. Consequently, growth is projected to bounce back to 6.4 percent in 2021 from the projected 0.6 percent in 2020. The stable macroeconomic environment, turn around in trade as economies recover from Covid-19 Pandemic and expected favorable weather that will support agricultural output will support this growth outlook.

112. Amongst the 47 counties Mombasa contributes 4.7% to the Country's GDP which ranks it fourth and has a Growth County Product (GCP) of 7% above the country's average of 5.6%.

113. In the first six months of the financial year, revenues collection dipped compared to the same period in the last financial year.

114. In the third quarter we expect a rapid increment in the local revenue collection as some of the major revenue streams have continually shown an increment in collection

over the past years this can be attributed to the fact that there is a set deadline of the third quarter before accruing penalties.

115. Mombasa County faces a unique distributional challenge in real GCP per capita due to dynamics in real economic activities as well as evolution of population size including internal migration and floating population coupled with the fact that it is deemed entirely an urban county with bare minimal agricultural activities which ultimately has an implication on public service delivery, including a rise in expenditure to deliver essential services.
116. The county continues to heavily invest in public and onsite infrastructure through expansion of roads, rehabilitation of non-motorized transport (NMTs), unclogging and laying out of major sewer lines, installation and maintenance of street lights and high mast lights and opening up of access roads so as to ease the movement of goods and people within the county.
117. The County is continuously investing in setting up and rehabilitating trading centers and markets, revamping and equipping the cess barriers with the ultimate collective objective of creating an enabling environment conducive for a 24-hour economy.
118. The youth in the County constitutes almost a half of the population and to address their myriad of issues and the persistent perennial problem of unemployment, the County has initiated a youth economic and empowerment revolving fund in addition to rehabilitating social halls and playing fields to pave way for talent tapping. Furthermore, the County has deliberately injected funds for talents development and skills upgrading through bursaries.
119. Blue economy being an avenue that has been recognized internationally as a sector that can not only alleviate hunger but improve the standards of living of the citizens, in this regard the County Government is in the forefront to harness and exploit its resources through purchasing of deep-sea fishing vessels and equipment so as to significantly expand fishing and improve productivity.
120. In addition to the above measures, the County Government will continue to complement the development of industrial infrastructure by setting aside a catalyst fund to support the promulgation of the mega Vision 2030 projects such as the Export Processing Zones (EPZs), Special Economic Zones (SEZs) and industrial parks within the county and more specifically the establishment of the Dongo Kundu SEZs.

2.5: Fiscal Performance and Emerging Challenges

121. The Mombasa County Assembly approved the Budget 2020/2021 with expenditure amounting to Ksh. 14,634,579,687, comprising of recurrent expenditure of Ksh. 9,709,238,107, and development expenditure of Ksh. 4,925,341,581. This budget was to be financed by Ksh. 5,252,448,363, from local revenue sources and total exchequer issues of Ksh. 9,382,131,324, including Ksh. 7,437,750,000, from national equitable share, Ksh. 388,439,306, conditional Grant for Level Five Hospital, Ksh. 114,569,473, Transforming Health Systems for Universal Care Project (World Bank-IDA), Ksh. 20,070,000, DANIDA grant, Ksh. 23,385,934, CA-User Fees Forgone, CA-Fuel levy fund Grant Ksh. 221,681,742, Conditional Allocation for Rehabilitation of Youth Polytechnics Ksh. 18,484,894, Agriculture Sector Development Support Program II, Ksh. 12,749,975, Kenya Devolution Support Program Ksh. 45,000,000 and World Bank Development Project of Ksh. 1,100,000,000.
122. Fiscal outcome for the first half of the financial year was at 23 percent which was attributed to shortfall of revenue amid rising expenditure pressures. Expenditure pressures relate to the rising wage bill resulting from personnel emoluments and unplanned expenditure related to the Covid – 19 pandemic. Currently the wage bill is amounting to Ksh. 5.3 Billion which is 36 percent of the budget taking up a substantial amount of the county revenue. The county has put in place austerity measures to ensure that the wage bill is sustainable by halting recruitment and promotions as the bloating wage bill poses a big risk to the stability of the budget for 2020/2021 and in the mid term if the situation is not contained.
123. Unrealized local revenues, inadequate equitable share due to unfavorable formula parameters, delayed exchequer releases, and tedious procurement bureaucracies continues to hamper budget implementation.

Budget Out-turn, July – December 2020

124. In the current financial as at 30th December 2020 the actual revenue collection attained in the half of the FY was Ksh 3,420,040,030 which is 23.4 % of the total estimated budget of Ksh 14,634,579,687. The National Government transfers was Ksh 2,715,970,802 and local revenue of Ksh 704,069,228. The expenditure for the said period amounted to Ksh 3,660,948,176.

Table 2: Local Revenue realized within 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 |
| TOTAL | 2,943,530,686 | 3,166,240,961 | 3,168,013,709 | 3,704,297,372 | 3,260,008,335 |

Source: County Treasury

Figure 4: Local Revenue Trend Analysis from Year 2015/2016 to 2019/2020

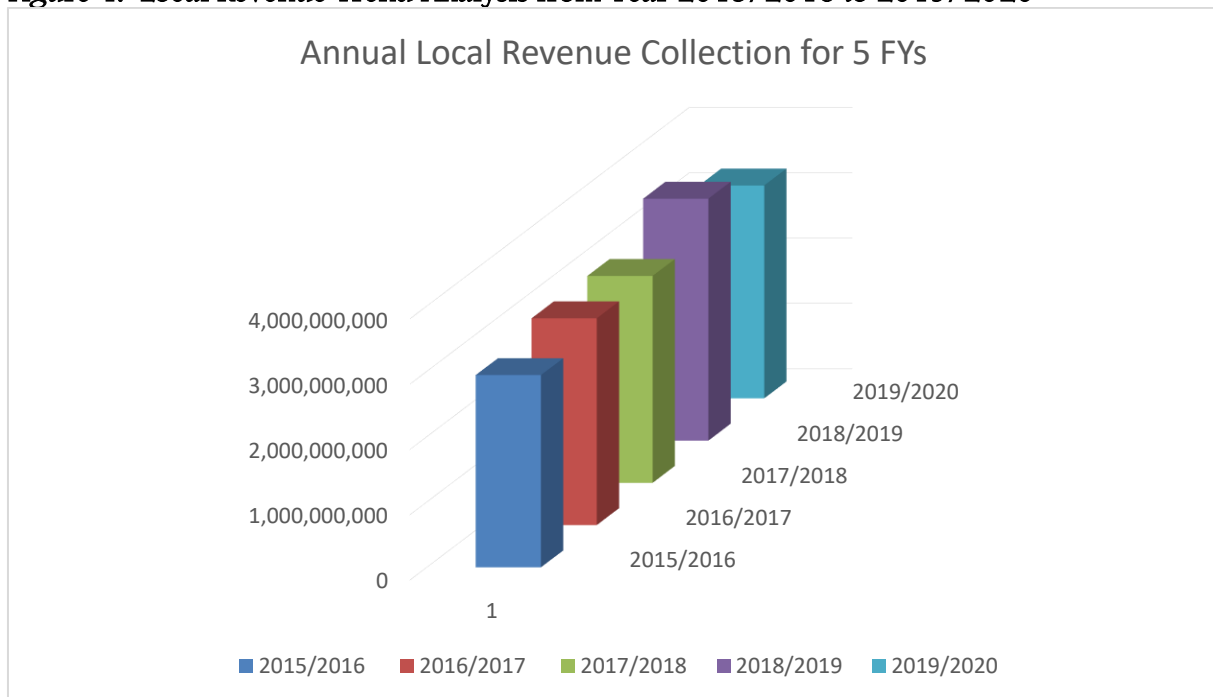


Table 3: Monthly Exchequer Issues Over Five Financial Year

| | KSHS. | KSHS. | KSH | 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 |

Figure 5: Monthly Exchequer Issues Over Five Financial Years

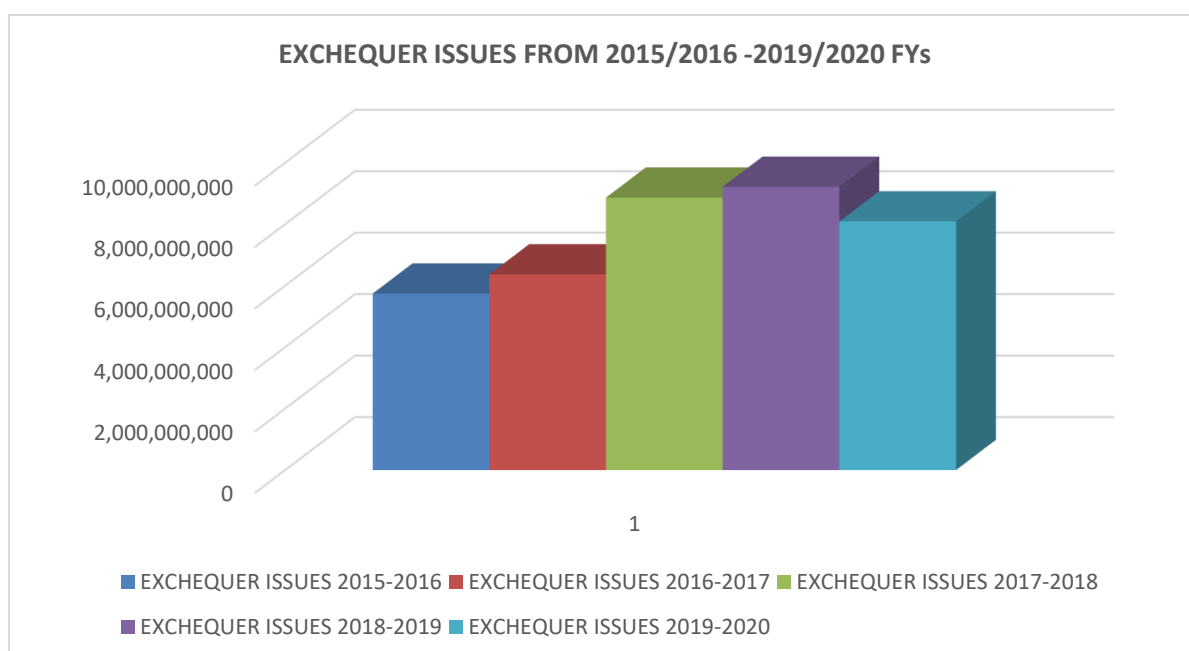


Table 4: Summary of Exchequer Issues Revenue Analysis FY-2019/2020

| Revenue Item | Annual Budgeted | Total Receipt | Percentage |
|---|----------------------|----------------------|------------|
| Equitable share | 7,057,950,000 | 7,057,950,000 | 100 |
| GRANTS | | | |
| Kenya Devolution Support Project 18-19 - IDA(WB)-KDSP 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 | 1,878,658,776 | 1,032,493,924 | 55 |
| Total Exchequer Issues | 8,677,191,830 | 8,090,443,924 | 93 |

2.5: Development and Recurrent Expenditures

125. The Expenditure for the first half in the 2020/21 FY Recurrent expenditure amounted to Ksh 3,660,948,176 which comprises of Ksh 1,709,384,202 for compensation of employees, Ksh 406,329,386 on use of goods and services, Ksh 144,784,119 as transfers to other Government Entities, Ksh 19,204,999 for other grants and transfer and Ksh 1,039,571,685 on other recurrent payments and Ksh. 341,673,785 spent on Acquisition of Assets.

Table 5: Overview of the County's Receipts and Expenditures Performance as at 30th December 2020

| 1 st Half 2020-2021 | |
|--|----------------------|
| RECEIPTS | Ksh |
| Exchequer releases | 2,329,123,500 |
| Other Revenues | 9,716,193 |
| Own Source Revenue (Local Revenue) | 1,079,839,414 |
| Total Receipts | 3,418,679,107 |
| PAYMENTS | Ksh |
| Compensation of Employees | 1,709,384,202 |
| Use of goods and services | 406,329,386 |
| Transfers to Other Government Entities | 144,784,119 |
| Other grants and transfers | 19,204,999 |
| Acquisition of Assets | 341,673,785 |
| Other Payments | 1,039,571,685 |
| TOTAL PAYMENTS | 3,660,948,176 |
| SURPLUS/DEFICIT | (242,269,069) |

Source: County Treasury

Table 6: First Half Departmental Total Expenditure FY 2020/2021

| S/NO | DEPARTMENTS- RECURRENT | Approved Budget FY 2020/2021 | Total Expenditure 2020/2021 | %age |
|------|---|---------------------------------|--------------------------------|-------------|
| 3011 | County Executive | 375,816,961 | 19,754,420 | 5.3 |
| 3012 | County Assembly | 684,382,942 | 144,784,119 | 21.2 |
| 3013 | Public Service Board | 133,015,169 | 22,123,136 | 16.6 |
| 3014 | Finance & Economic Planning | 1,429,544,736 | 698,350,968 | 48.9 |
| 3015 | Energy, Environment & Waste Management | 977,879,230 | 268,368,007 | 27.4 |
| 3016 | Education, Information Technology & MV 2035 | 972,487,701 | 159,493,867 | 16.4 |
| 3017 | Health Services | 3,677,301,511 | 1,330,656,749 | 36.2 |
| 3018 | Water, Sanitation & Natural Resources | 1,479,087,137 | 10,999,069 | 0.7 |
| 3019 | Youth, Gender, Sports and Cultural Affairs | 915,974,308 | 147,029,372 | 16.1 |
| 3020 | Trade, Tourism & Investment | 808,932,120 | 122,740,505 | 15.2 |
| 3021 | Lands, Housing and Physical Planning | 518,106,395 | 48,155,117 | 9.3 |
| 3022 | Transport & Infrastructure | 1,227,404,634 | 124,380,511 | 10.1 |
| 3023 | Agriculture, Fisheries, Livestock and Co-operatives | 482,945,849 | 55,154,870 | 11.4 |
| 3026 | Devolution and Public Service Administration | 951,700,994 | 508,957,464 | 53.5 |
| | TOTAL | 14,634,579,687 | 3,660,948,176 | 25.0 |

Table 7: Departmental Percentage Recurrent Expenditure FY 2019/2020

| 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 |

Table 8: 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 |

Table 9: 2019/2020 TOTAL DEPARTMENTAL EXPENDITURE

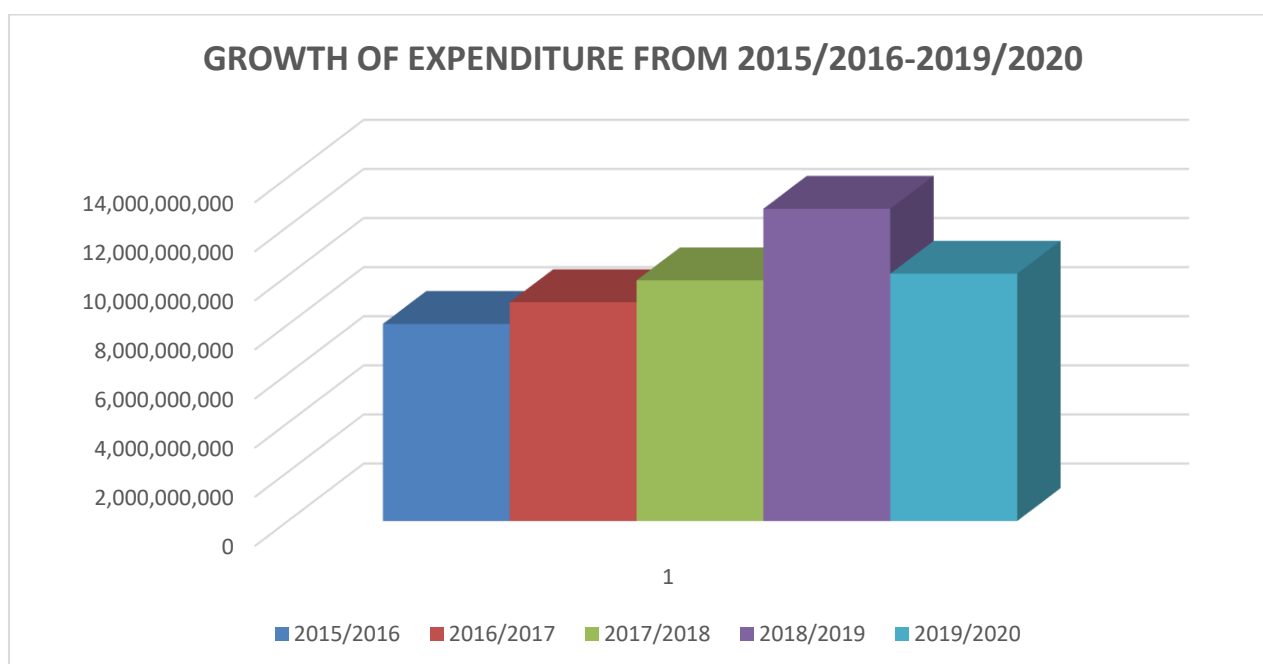
| | DEPARTMENTS | Approved Budget FY 2019/2020 | Final Budget FY 2019/2020 | Total Expenditure | %age |
|------|---|------------------------------------|------------------------------|-----------------------|-------------|
| 3011 | County Executive | 378,491,220 | 297,659,051 | 170,907,637 | 57 |
| 3012 | 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 10: 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 |
| | Total | 8,030,404,957 | 8,914,398,116 | 9,804,552,129 | 12,719,829,315 | 10,076,412,906 |

Source: County Treasury

Figure 6: Growth of Expenditure from 2015/16-2019/20



2.6: Sustaining Inclusive Growth

126. The County will enhance mobilization of resources and provide a conducive environment for businesses to thrive, sustaining inclusive growth by continuously improving transparency, responsiveness, accountability, efficiency and effective systems and controls.
127. In addition, the County Government will continue to provide leadership and coordination in county development planning, policy formulation and management, designing effective, efficient and secure systems of collecting revenue, to prudently mobilize and manage resources while ensuring compliance with policies, standards, procedures and applicable financial and procurement laws and regulations. These will be complimented by measures to address socio-economic inequities and improving the county's human capital.
128. To ensure planned and sustainable growth the County Government will nexus to synergize its efforts in implementing the socio-economic priority programmes as articulated in the County's Integrated Development Plan 2018-2022, the Economic Re-engineering Recovery Strategy and all other policy plans.

2.7: Risks to the Outlook

129. The risk to the outlook for Mombasa County 2021/2022 budget and the medium-term emanates from both external and domestic quotas. The economy remains vulnerable to both domestic and external shocks. For prudent management of risks, the PFM Act, 2012 requires the preparation of a "Statement of Fiscal Risks".
130. The "Statement of Specific Fiscal Risks" outlines County's exposure to fiscal risks that are associated with macroeconomic assumptions used for fiscal projections, public debt dynamics, operations of state corporations, contingent liabilities, vulnerabilities of the financial sector, as well as risks posed by nature.
131. The Government remains committed to fiscal consolidation in order to ensure the long-term sustainability of public finances. Nevertheless, the Government will monitor the risks and take appropriate measures to safeguard macroeconomic and microeconomic stability.
132. In the medium term, the shortfalls in revenue continues to pose a threat of a budget deficit due to the ever-increasing pending bills and a high wage bill. Systems, controls and structures are being put in place to improve the own source revenue performance coupled with a revenue collection reforms and moderation in recurrent expenditure, so as to increase the revenue bases and the fiscal position in the medium term.

133. The Government will monitor and mitigate the above risks and take appropriate measures to safeguard macroeconomic stability including preparation of supplementary budgets to regularize and align any emerging issues.

2.8: Response to Overview of the County's Performance for FY 2021/2022

The following strategies will continue to be implemented to increase the revenue for the County in order to ensure that the planned budget is realized.

134. **Enforcement of the Finance Acts and Regulations:** The County Government will ensure that fees and charges are collected in accordance to the Finance Act 2020.

135. **Expanding the Revenue base:** So as to increase the revenue base the County shall identify the unexploited revenue streams as mandated in the Public Finance Management Act.

136. **Upgrading of the automated revenue collection system:** The County will continuously upgrade the revenue collection systems so as to be at par with the current environment dynamics.

137. **Business processes reengineering:** To ensure an effective and efficient revenue collection, the County Government shall embark on a vigorous exercise of fine tuning all the revenue collection processes.

138. **Decentralization of revenue collection at the sub counties and ward levels:** This will ensure that there is maximum revenue collection realized from all corners. Plugging the revenue leakages by training the collectors and ensuring that all the revenue collected are deposited to the nearest commercial bank before the closure of the business. The revenue collectors will also be frequently rotated to new stations to avoid familiarity.

139. **Adequate supervision and enforcement of revenue** collection points to enhance accountability and seal corruption loopholes.

CHAPTER THREE

3.0: FISCAL POLICY AND BUDGET FRAMEWORK

3.1: Overview

140. The Mombasa County 2021 Medium-Term Fiscal Framework aims at stimulating the economic growth and development, reducing vulnerabilities, operating a balanced budget, ensuring effective delivery of services and supporting sustainable economic growth in the County. This policy underscores the need to prioritize crucial Recurrent Expenditure and undertake high impact Capital Expenditure in order to enhance economic growth. The 2021/22 Fiscal Strategy Paper highlights the following:

- The county shall enhance its revenue base with a view to ensuring we increase own source revenue collection and achieve greater efficiency in terms of cost savings from non-crucial expenditure to ensure priority is given to the set priorities.
- Maintaining a lean workforce will assist in controlling the wage bill. This will create fiscal space for spending on the key county priorities especially in the social sectors and other development programmes. This will further provide adequate room for future countercyclical fiscal policy in the event of a shock.
- Fiscal consolidation while ensuring that county resources are adequate to promote growth. The County Government is committed to a reduction in the recurrent expenditure to devote more resources to development. At least thirty percent of the total county revenue shall be used in the implementation of development projects.
- The county will continuously exploit the public private partnerships, with potential local and foreign investors as well as other development partners to aid in the county's development.

3.1.1: Fiscal Policy Framework

141. Fiscal policy will support the County development economic activities while providing a platform for the implementation of the CIDP 2018-2022 and all other policy documents within a context of sustainable public financing. In the medium term, the County Government has reoriented expenditure towards priority programmes in Health, Youth, Gender and Sports, Education, Transport, Water, Infrastructure and Lands under the medium-term expenditure framework (MTEF). This process will be strengthened in the FY 2021/22 by encouraging aggressive private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.

142. The county will continue reorienting 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 development. The expected share of development funds of the total expenditure will be 30%. Recurrent expenditure takes huge chunk of the budget; this is largely attributed to the county wage bill totaling Ksh. 5,518,405,854 which is 42% of the total budget.

Table 11: County Government Fiscal Projections 2019/2020- 2021/22

| Item | Actual 2019/2020 | Budgeted 2020/2021 | Projected 2021/2022 |
|---|-----------------------|-----------------------|------------------------|
| Revenue/Grants | | | |
| National Government – Equitable Share | 7,057,950,000 | 7,437,750,000 | 7,567,354,061 |
| Conditional allocation – Level 5 Hospital | 388,439,308 | 388,439,306 | 388,439,306 |
| Transforming Health Systems for Universal Care Project (World Bank-IDA) | 33,184,038 | 114,569,473 | - |
| DANIDA – Health care support services | 24,562,500 | 20,070,000 | - |
| Conditional Grant-compensation For User Fees Forgone | 23,385,934 | 23,385,934 | 23,385,934 |
| Conditional Grant-Road Maintenance Fuel Levy | 150,258,446 | 221,681,742 | 221,681,742 |
| COVID 19 Conditional Grant | 100,168,000 | - | - |
| Kenya Devolution Support Program | 30,000,000 | 45,000,000 | - |
| Agriculture Sector Development Support Program II | 9,437,481 | 12,749,975 | - |
| Conditional Allocation for development of Youth Polytechnics | 25,473,298 | 18,484,894 | 18,906,170 |
| World Bank Development Project - WSDP | 247,584,920 | 1,100,000,000 | - |
| Other Loans and Grants | - | - | 526,191,656 |
| Total Loans and Grants | | | 1,178,604,808 |
| Total exchequer issues | 8,090,443,924 | 9,382,131,324 | 8,745,958,869 |
| Local revenue | 3,260,008,335 | 5,252,448,363 | 4,354,041,131 |
| Total Revenue | 11,350,452,259 | 14,634,579,687 | 13,100,000,000 |
| | | | |

| Expenditure | | | |
|----------------------------|-----------------------|-----------------------|-----------------------|
| Personnel Emoluments | 4,460,837,110 | 5,676,694,110 | 5,518,405,854 |
| Operations and Maintenance | 4,716,544,743 | 4,132,543,997 | 3,650,594,146 |
| Total Recurrent | 9,177,381,854 | 9,809,238,107 | 9,169,000,000 |
| Development | 1,618,660,836 | 4,825,341,580 | 3,931,000,000 |
| Total Expenditure | 10,796,042,690 | 14,634,579,687 | 13,100,000,000 |

Source: County Treasury

Figure 7: County Government Fiscal projections 2019/20- 2021/22 (In Millions of Shillings)

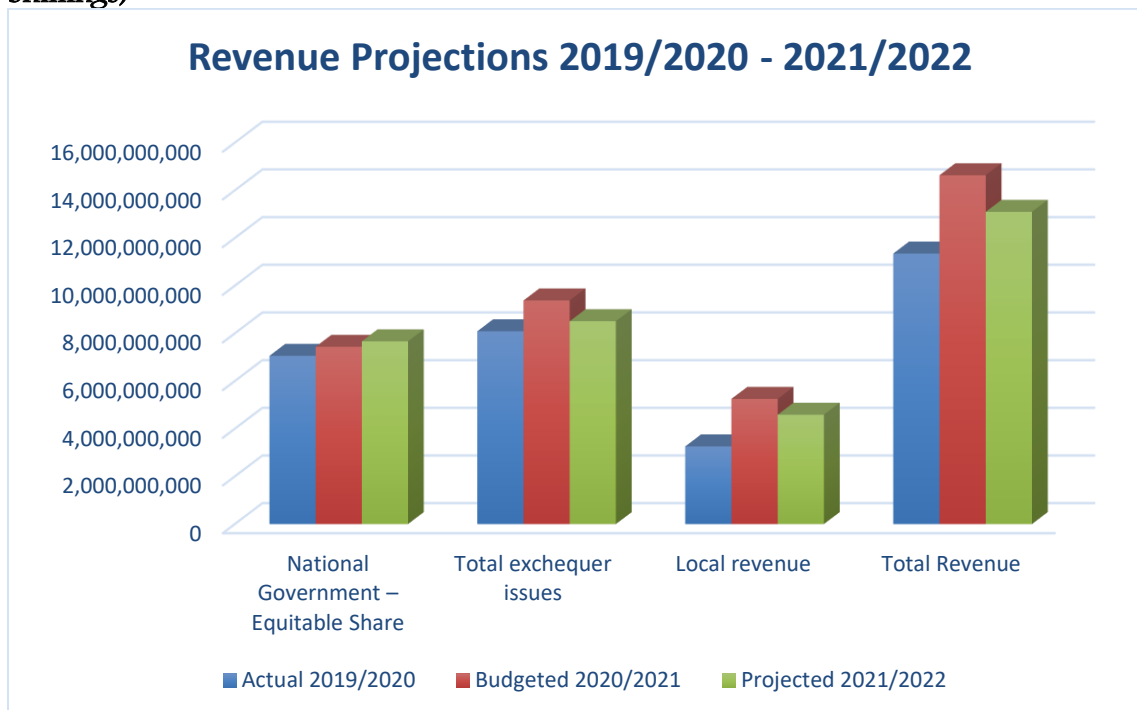
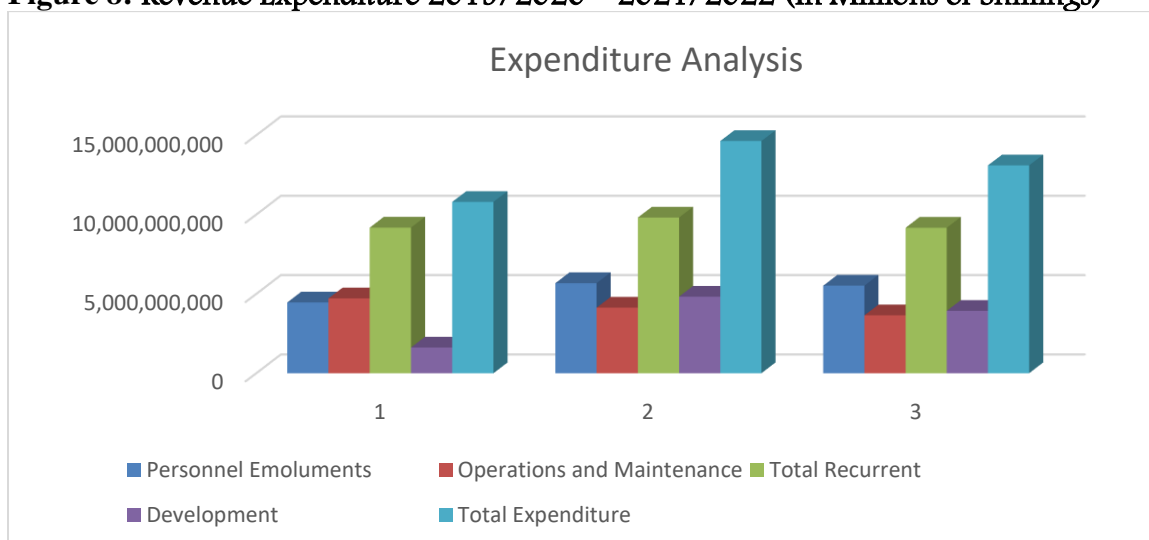


Figure 8: Revenue Expenditure 2019/2020 – 2021/2022 (In Millions of Shillings)



Source: County Treasury

3.1.2: Fiscal Responsibility Principles

143. The County Government recognizes that the fiscal stance it takes today will have implications into the future. The principle of sharing the burdens and benefits of resources between the present and future generation implies that we have to make prudent policy decisions today so that we can build a strong foundation for our future generations. The County Government will ensure strict adherence to Section 107 of the Public Finance Management (PFM) Act of 2012 which outlines the fiscal responsibility principles.
144. In compliance with Fiscal responsibility principles, the County Government will progressively provide for a minimum basic standard of economic and social rights to its citizens within available resources.
145. To ensure economic sustainability, increase in government spending will be matched with a corresponding increase in tax revenue yield through efficient collection, widening of revenue bases, and reasonable fees and charges. It is therefore imperative to reform and modernize the fees and charges to ensure stability of revenue effort, while at the same time continuing to restructure expenditure systems to ensure efficiency and create fiscal space required to fund the priority expenditures on sustainable basis.

3.1.3: Fiscal Structural Reforms

146. Underpinning the fiscal program are measures to increase the proportion of local revenue with the objective of fully financing the County's budget in the long term.
147. For effective and efficient management of financial resources, the County will continue to eliminate leakages and enhance revenue collection as well as rationalize expenditure. This will be achieved through continued measures to simplify licenses and fees levies, improve compliance and automation of revenue collection system in order to eliminate leakages and to widen revenue base.
148. On the expenditure side, the County Government will continue to enhance prudent financial management; to improve efficiency and reduce wastage in accordance to section 107 of the PFM Act of 2012.
149. The County Government will institute measures to contain the bloated wage bill so as to divert resources for development initiatives. These would include continued payroll cleansing and staff rationalization.

150. The County Government will also enhance capacity of the County Government staff so as to encourage proper and transparent use of resources and enhance service delivery.

3.2: Mombasa County 2020/2021 Budget Framework

151. Prioritization of resource allocation is based on the ADP 2020 which spells out programmes to achieve County priorities identified during the County-wide budget consultative meetings. The County Government will promote budget transparency, accountability and effective financial management of resources based on clearly set priorities to ensure that budgets are directly linked to plans.

3.2.1: Revenue Projections

152. The Mombasa County 2020/2021 financial year budget targets total revenue amounting to 14.6 billion; Total exchequer issues of Ksh 9.4 billion; including equitable share of Ksh 7.4 billion, Conditional grants Ksh 2.0 billion and county own source revenue of Ksh 5.2 billion. This performance will be underpinned by the on-going reforms in revenue administration. The revenue department will institute measures to expand the revenue base and curb revenue leakages.

3.2.2: Expenditure Forecasts

153. The County Government's expenditure for the FY 2020/21 is guided by the Annual Development Plan (2019) which outlines the proposed projects that will be implemented in the FY 2020/2021 in the realization of the CIDP 2018-2022. The total government expenditure is projected to be Ksh.14.6 Billion.

3.2.3: Recurrent Expenditure

154. In the 2020/21 financial year the total recurrent expenditure is estimated to be Ksh. 9.8 Billion Compared to FY 2019/20 at Ksh. 9.2 Billion. This is attributed to an increase in personnel emoluments which has been on upward trend. The recurrent expenditure ceilings for County departments are determined by the funding allocation for goods and services in the previous year budget as the baseline.

3.2.4: Development Expenditure

155. The County Government endeavors to allocate adequate resources towards development outlays to spur and implement priority programs/projects as outlined in this strategy paper. The County development expenditure for financial year 2020/21 is projected at Ksh 4.8 Billion.

3.2.5: Fiscal Balance

156. The county government will adopt a balanced budget for FY 2020/21. Any forthcoming deficit the county government will take prudent measures to reduce appropriations or increase revenues with minimal effects on public service delivery.

157. In the short term the County will thrive to stick its expenditure and commitments based on the actual cash flow. In the medium term, balanced budget will be supported with relevant legislative frameworks by embracing Public Private Partnership (PPP) to enable the County Government implement critical programmes that will accelerate socio-economic development thus providing budget support.

3.2.6: Summary

158. The County fiscal policy 2021, aims at increasing own source revenue as well as prudently managing expenditures. The created fiscal space will avail resources to scale up investments in the county's priority areas of Water, Food Security, Health, waste management, Gender empowerment, Youth and Sports development, Education, infrastructure, Lands and housing services as captured in the CFSP 2021.

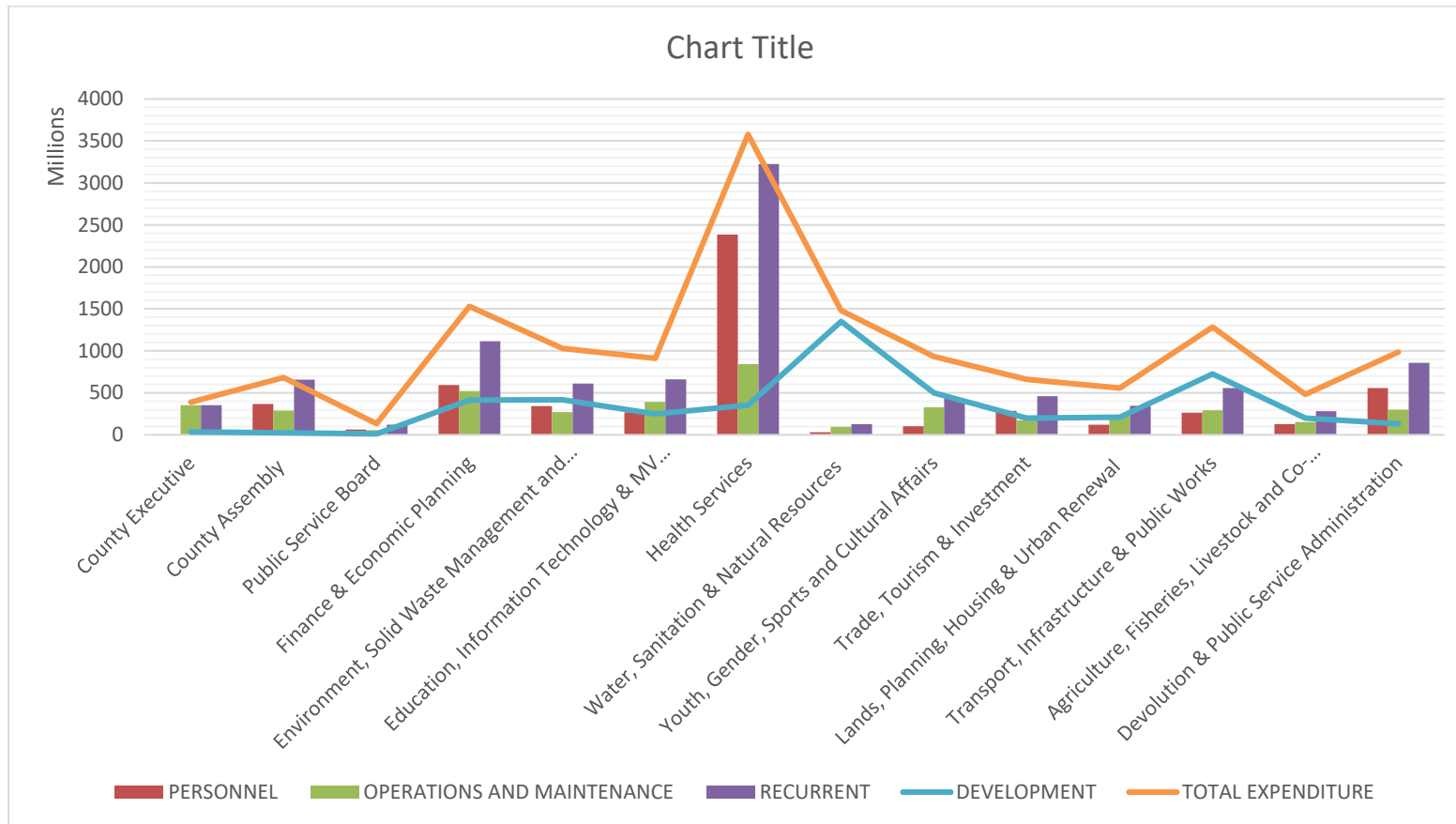
Table 12, below shows the spending composition Per Department resulting from the FY 2020/2021 Budget,

Table 12: Approved Budget 2020/21

| DEPARTMENTS | CONSOLIDATED REVENUE | PERSONNEL | OPERATIONS AND MAINTENANCE | RECURRENT | DEVELOPMENT | TOTAL EXPENDITURE | PERCENTAGE |
|---|-----------------------|----------------------|----------------------------|----------------------|----------------------|-----------------------|------------|
| County Executive | | 0 | 353,392,288 | 353,392,288 | 34,424,673 | 387,816,961 | 2.7 |
| County Assembly | | 368,322,979 | 289,731,030 | 658,054,009 | 25,773,748 | 683,827,757 | 4.7 |
| Public Service Board | | 63,967,274 | 57,410,615 | 121,377,889 | 11,637,280 | 133,015,169 | 0.9 |
| Finance & Economic Planning | 14,634,579,687 | 594,619,464 | 519,942,764 | 1,114,562,228 | 415,537,693 | 1,530,099,921 | 10.5 |
| Environment, Solid Waste Management and Energy | | 341,856,186 | 270,650,963 | 612,507,149 | 418,372,081 | 1,030,879,230 | 7.0 |
| Education, Information Technology & MV 2035 | | 268,344,299 | 392,814,046 | 661,158,345 | 250,329,356 | 911,487,701 | 6.2 |
| Health Services | | 2,383,380,832 | 842,278,903 | 3,225,659,735 | 351,641,776 | 3,577,301,511 | 24.4 |
| Water, Sanitation & Natural Resources | | 31,369,213 | 97,492,220 | 128,861,433 | 1,350,225,704 | 1,479,087,137 | 10.1 |
| Youth, Gender, Sports and Cultural Affairs | | 103,827,415 | 326,551,627 | 430,379,042 | 500,595,266 | 930,974,308 | 6.4 |
| Trade, Tourism & Investment | | 285,811,605 | 173,063,580 | 458,875,185 | 201,056,936 | 659,932,121 | 4.5 |
| Lands, Planning, Housing & Urban Renewal | | 119,934,480 | 226,841,952 | 346,776,432 | 211,329,963 | 558,106,395 | 3.8 |
| Transport, Infrastructure & Public Works | | 264,773,459 | 293,775,279 | 558,548,738 | 723,855,896 | 1,282,404,634 | 8.8 |
| Agriculture, Fisheries, Livestock and Co-operatives | | 129,426,841 | 153,503,382 | 282,930,223 | 200,015,626 | 482,945,849 | 3.3 |
| Devolution & Public Service Administration | | 555,791,432 | 300,363,979 | 856,155,411 | 130,545,582 | 986,700,993 | 6.7 |
| TOTAL | | 5,511,425,479 | 4,297,812,628 | 9,809,238,107 | 4,825,341,580 | 14,634,579,687 | 100 |
| SURPLUS / (DEFICIT) | 0 | | | | | | |
| REVENUE SOURCES | | | | | | | |
| Local Revenue | 5,252,448,363 | | | | | | |
| Exchequer Issues | 9,382,131,324 | | | | | | |
| TOTAL REVENUE | 14,634,579,687 | | | | | | |

Source: County Treasury

Figure 9: Approved Budget 2020/2021 (In Millions of Shillings)



Source: County Treasury

CHAPTER FOUR

4.0: MEDIUM TERM EXPENDITURE FRAMEWORK 2021/22-2023/24

4.1: Resource Envelope

159. The Constitution of Kenya 2010 stipulates that County Governments should have reliable, stable and predictable own sources of revenue. Mombasa County has two main sources of funding. Revenue from local sources and the exchequer issues from the National Government as provided under Article 201 of the Constitution. The resource envelope available for allocation among the spending units is based on the medium-term fiscal framework outlined in Chapter Three.

160. The Mombasa County 2021/2022 financial year budget targets total revenue amounting to 13.1 billion; Total exchequer issues of Ksh 8.7 billion; including equitable share of Ksh 7.6 billion, Conditional grants Ksh 1.1 billion and county own source revenue of Ksh 4.4 billion. Locally mobilized revenue will finance about 34 percent of the budget in FY 2021/22.

4.1.1: Spending Priorities

161. The County Government's expenditure for the FY 2021/22 will be guided by the Annual Development Plan (2020) which outlines the proposed projects that will be implemented in the FY 2021/2022 in the realization of the CIDP 2018-2022. The total government expenditure is projected to be Ksh.13.1 billion.

4.1.2: The Fiscal Strategy FY 2021/22 & the Economic Objectives of the County Government

162. This outlines County Government's spending plans and the manner in which this expenditure will be funded in the FY 2021/2022. The fiscal strategy of the Government is guided by contemporary events which have impacted on the economy, the ADP 2020 and the realities of the FY 2020/2021 actual revenue collections and expenditures. In this view, the 2021/2022 fiscal strategy paper has been designed to continue addressing these specific challenges by focusing on the following objectives:

- a. To improve the efficiency and quality of CAPEX spending by promoting Public Private Partnership;
- b. To place greater focus on critical and on-site infrastructure development as a means of promoting long-term economic growth;

- c. Continued application of a fiscal stimulus in the medium term to stimulate the economy which has been greatly affected by the Covid 19 pandemic, taking into consideration the current revenue constraints and its impact on the fiscal deficit;
- d. Rationalizing the outlay on recurrent expenditure through the identification of cost-saving measures;
- e. Pegging commitments and expenditure on the actual cash flow;
- f. Coming up with sustainable personnel policy to address the bloated wage bill;
- g. Boosting revenue receipts, identifying and plugging revenue leakages through automation.

Table 13: Projected FY 2021/2022 Revenues and Expenditure

| REVENUE/EXPENDITURE PROJECTIONS | 2021/2022 (KSHS.) |
|-------------------------------------|-----------------------|
| National Government Equitable Share | 7,567,354,061 |
| Conditional Grants | 1,178,604,808 |
| Total Exchequer Issues | 8,745,958,869 |
| County Local Sources | 4,354,041,131 |
| Total Revenue | 13,100,000,000 |
| Expenditure | |
| Personnel | 5,518,405,854 |
| Operations Repair and Maintenance | 3,650,594,146 |
| Capital Expenditure | 3,931,000,000 |
| Total Expenditure | 13,100,000,000 |
| Surplus/ (Deficit) | 0 |

Table 14: Projected FY 2019/2020 -2021/2022 Revenues and Expenditure

| REVENUE/EXPENDITURE PROJECTIONS | ACTUAL 2019/2020 (KSHS.) | 2020/2021 (KSHS.) | 2021/2022 (KSHS.) |
|-------------------------------------|--------------------------|-----------------------|-----------------------|
| Revenues | | | |
| National Government Equitable Share | 7,057,950,000 | 7,437,750,000 * | 7,567,354,061 |
| Conditional Grants | 1,032,493,924 | 1,944,381,324 | 1,178,604,808 |
| Total Exchequer Issues | 8,090,443,924 | 9,382,131,324 | 8,745,958,869 |
| County Local Sources | 3,260,008,335 | 5,252,448,363 | 4,354,041,131 |
| Total Revenue | 11,350,452,259 | 14,634,579,687 | 13,100,000,000 |
| Expenditures | | | |
| Personnel | 4,460,837,110 | 5,332,449,007 | 5,518,405,854 |
| Operations Repair and Maintenance | 4,385,962,606 | 4,376,789,099 | 3,650,594,146 |
| Capital Expenditure | 1,891,011,178 | 4,925,341,581 | 3,931,000,000 |
| Total Expenditure | 10,737,810,894 | 14,634,579,687 | 13,100,000,000 |
| Surplus/ (Deficit) | 0 | 0 | 0 |

Source: County Treasury

Table 15: FY 2021/2022 DEPARTMENTAL CEILINGS

| DEPARTMENTS | CONSOLIDATED REVENUE | PERSONNEL | OPERATIONS AND MAINTENANCE | RECURRENT | DEVELOPMENT | TOTAL EXPENDITURE | PERCENTAGE |
|---|-----------------------|----------------------|----------------------------|---------------|---------------|-------------------|------------|
| County Executive | | - | 356,491,789 | 356,491,789 | 30,000,000 | 386,491,789 | 3.0 |
| County Assembly | | 393,800,714 | 265,582,228 | 659,382,942 | 25,000,000 | 684,382,942 | 5.2 |
| Public Service Board | | 64,606,947 | 65,393,053 | 130,000,000 | 20,000,000 | 150,000,000 | 1.1 |
| Finance & Economic Planning | 13,100,000,000 | 322,054,922 | 306,945,078 | 629,000,000 | 350,000,000 | 979,000,000 | 7.5 |
| Environment, Solid Waste Management and Energy | | 345,274,748 | 266,725,252 | 612,000,000 | 305,000,000 | 917,000,000 | 7.0 |
| Education, Information Technology & MV 2035 | | 271,027,742 | 324,972,258 | 596,000,000 | 431,000,000 | 1,027,000,000 | 7.8 |
| Health Services | | 2,526,383,682 | 745,404,172 | 3,271,787,854 | 370,000,000 | 3,641,787,854 | 27.8 |
| Water, Sanitation & Natural Resources | | 31,682,905 | 98,317,095 | 130,000,000 | 300,000,000 | 430,000,000 | 3.3 |
| Youth, Gender, Sports and Cultural Affairs | | 104,865,689 | 295,134,311 | 400,000,000 | 500,000,000 | 900,000,000 | 6.9 |
| Trade, Tourism & Investment | | 288,669,719 | 156,491,056 | 445,160,775 | 400,000,000 | 845,160,775 | 6.5 |
| Lands, Housing and Physical Planning | | 121,133,825 | 151,866,175 | 273,000,000 | 180,000,000 | 453,000,000 | 3.5 |
| Transport, Infrastructure & Public Works | | 262,371,190 | 247,628,810 | 510,000,000 | 680,000,000 | 1,190,000,000 | 9.1 |
| Agriculture, Fisheries, Livestock and Co-operatives | | 130,721,109 | 119,278,891 | 250,000,000 | 230,000,000 | 480,000,000 | 3.7 |
| Devolution & Public Service Administration | | 655,812,661 | 250,363,979 | 906,176,640 | 110,000,000 | 1,016,176,640 | 7.8 |
| TOTAL | | 5,518,405,854 | 3,650,594,147 | 9,169,000,000 | 3,931,000,000 | 13,100,000,000 | 100 |
| SURPLUS / (DEFICIT) | 0 | | | | | | |
| REVENUE SOURCES | | | | | | | |
| Local Revenue | 4,354,041,131 | | | | | | |
| Exchequer Issues | 8,745,958,869 | | | | | | |
| TOTAL REVENUE | 13,100,000,000 | | | | | | |

4.1.3: Baseline ceilings

163. The baseline estimates reflect the current spending levels in sector programmes. In the recurrent expenditure category, non-discretionary expenditures take first charge and includes payment of statutory obligations such as interest payments, compensation of employees covering all county staff, staff medical scheme and gratuity.

164. Development expenditures are shared out on the basis of the County Annual Development Plan 2020, priorities as outlined in the CFSP as well as other strategic interventions geared towards sustainable economic growth. The following guidelines are used:

165. **On-going projects:** emphasis is given to completion of on-going projects and in particular infrastructure projects and other projects with high impact on poverty reduction and equity, employment and wealth creation especially in the social sectors.

166. **Strategic policy interventions:** priority is also given to policy interventions covering the entire county, social equity and environmental conservation.

4.1.4: Finalization of spending plans

167. As indicated earlier, the finalization of the preparation of the detailed budgets continues to entail thorough scrutiny to curtail spending on non-productive areas and ensure resources are directed to priority programmes. The County Government will utilize resources to accommodate key county strategic priorities with sound business plans. Specifically, the following will receive priority:

Table 16: Priority Areas of Consideration for Additional Resources

| Priority Areas of Consideration for Additional Resources | |
|--|--|
| 1. | Intervention identified during the county stakeholder's consultation for 2021/22 MTEF. |
| 2. | Strategic interventions with emphasis 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 as well as policy interventions covering the entire county to enhance social equity. |
| 3. | Specific consideration to job creation for the youth based on sound initiatives identified within and outside the normal budget preparation as well as disability and gender mainstreaming. |
| 4. | Completion of ongoing programs and projects. |

Table 17: Summary of Recurrent Expenditure Medium Term Costs and Ceiling 2019/20- 2023/24

| DEPARTMENTS | Actual Expenditure 2019/2020 | Budgeted 2020/2021 | Projected 2021/2022 | Projected 2022/2023 | Projected 2023/2024 |
|---|---------------------------------|-----------------------|------------------------|------------------------|------------------------|
| RECURRENT | A | B | C | D | E |
| County Executive | 169,522,488 | 353,392,288 | 356,491,789 | 369,000,000 | 375,273,000 |
| County Assembly | 661,397,987 | 658,609,194 | 659,382,942 | 675,475,000 | 686,958,075 |
| Public Service Board | 41,923,082 | 121,377,889 | 130,000,000 | 133,250,000 | 135,515,250 |
| Finance & Economic Planning | 1,666,783,516 | 1,014,007,043 | 629,000,000 | 932,750,000 | 948,606,750 |
| Environment, Solid Waste Management and Energy | 374,152,255 | 612,507,149 | 612,000,000 | 630,375,000 | 641,091,375 |
| Education, Information Technology & MV 2035 | 367,548,514 | 661,158,345 | 596,000,000 | 662,150,000 | 673,406,550 |
| Health Services | 3,252,933,822 | 3,225,659,735 | 3,271,787,854 | 3,485,000,000 | 3,544,245,000 |
| Water, Sanitation & Natural Resources | 18,383,345 | 128,861,433 | 130,000,000 | 133,250,000 | 135,515,250 |
| Youth, Gender, Sports and Cultural Affairs | 87,112,572 | 430,379,042 | 400,000,000 | 307,500,000 | 312,727,500 |
| Trade, Tourism & Investment | 233,951,403 | 458,875,184 | 445,160,775 | 358,750,000 | 364,848,750 |
| Lands, Housing and Physical Planning | 125,847,715 | 346,776,432 | 273,000,000 | 276,750,000 | 281,454,750 |
| Transport, Infrastructure & Public Works | 354,215,946 | 558,548,738 | 510,000,000 | 574,000,000 | 583,758,000 |
| Agriculture, Fisheries, Livestock and Co-operatives | 112,458,685 | 282,930,223 | 250,000,000 | 256,250,000 | 260,606,250 |
| Devolution & Public Service Administration | 1,380,568,384 | 856,155,411 | 906,176,640 | 943,000,000 | 959,031,000 |
| TOTAL | 8,846,799,714 | 9,709,238,106 | 9,169,000,000 | 9,737,500,000 | 9,903,037,500 |

| | Actual Expenditure 2019/2020 | Budgeted 2020/2021 | Projected 2021/2022 | Projected 2022/2023 | Projected 2023/2024 |
|---|---|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| DEVELOPMENT | A | B | C | D | E |
| County Executive | 1,385,149 | 22,424,673 | 30,000,000 | 25,625,000 | 26,060,625 |
| County Assembly | - | 25,773,748 | 25,000,000 | 30,750,000 | 31,272,750 |
| Public Service Board | 300,040 | 11,637,280 | 20,000,000 | 20,500,000 | 20,848,500 |
| Finance & Economic Planning | 262,652,339 | 415,537,693 | 350,000,000 | 358,750,000 | 364,848,750 |
| Environment, Solid Waste Management and Energy | 133,453,716 | 365,372,081 | 305,000,000 | 312,625,000 | 317,939,625 |
| Education, Information Technology & MV 2035 | 61,754,154 | 311,329,356 | 431,000,000 | 307,500,000 | 312,727,500 |
| Health Services | 8,277,088 | 451,641,776 | 370,000,000 | 328,000,000 | 333,576,000 |
| Water, Sanitation & Natural Resources | 264,282,619 | 1,350,225,704 | 300,000,000 | 1,230,000,000 | 1,250,910,000 |
| Youth, Gender, Sports and Cultural Affairs | 94,155,807 | 485,595,266 | 500,000,000 | 512,500,000 | 521,212,500 |
| Trade, Tourism & Investment | 52,728,987 | 350,056,936 | 400,000,000 | 389,500,000 | 396,121,500 |
| Lands, Housing and Physical Planning | 89,114,199 | 171,329,963 | 180,000,000 | 184,500,000 | 187,636,500 |
| Transport, Infrastructure & Public Works | 884,955,055 | 668,855,896 | 680,000,000 | 768,750,000 | 781,818,750 |
| Agriculture, Fisheries, Livestock and Co-operatives | 29,467,231 | 200,015,626 | 230,000,000 | 256,250,000 | 260,606,250 |
| Devolution & Public Service Administration | 8,484,793 | 95,545,582 | 110,000,000 | 92,250,000 | 93,818,250 |
| TOTAL | 1,891,011,177 | 4,925,341,580 | 3,931,000,000 | 4,817,500,000 | 4,899,397,500 |
| | | | | | |

| | Actual Expenditure 2019/2020 | Budgeted 2020/2021 | Projected 2021/2022 | Projected 2022/2023 | Projected 2023/2024 |
|---|---|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| TOTAL | A | B | C | D | E |
| County Executive | 170,907,637 | 375,816,961 | 386,491,789 | 394,625,000 | 401,333,625 |
| County Assembly | 661,397,987 | 684,382,942 | 684,382,942 | 706,225,000 | 718,230,825 |
| Public Service Board | 42,223,122 | 133,015,169 | 150,000,000 | 153,750,000 | 156,363,750 |
| Finance & Economic Planning | 1,929,435,855 | 1,429,544,736 | 979,000,000 | 1,291,500,000 | 1,313,455,500 |
| Environment, Solid Waste Management and Energy | 507,605,972 | 977,879,230 | 917,000,000 | 943,000,000 | 959,031,000 |
| Education, Information Technology & MV 2035 | 429,302,668 | 972,487,701 | 1,027,000,000 | 969,650,000 | 986,134,050 |
| Health Services | 3,261,210,911 | 3,677,301,511 | 3,641,787,854 | 3,813,000,000 | 3,877,821,000 |
| Water, Sanitation & Natural Resources | 282,665,964 | 1,479,087,137 | 430,000,000 | 1,363,250,000 | 1,386,425,250 |
| Youth, Gender, Sports and Cultural Affairs | 181,268,380 | 915,974,308 | 900,000,000 | 820,000,000 | 833,940,000 |
| Trade, Tourism & Investment | 286,680,390 | 808,932,120 | 845,160,775 | 748,250,000 | 760,970,250 |
| Lands, Housing and Physical Planning | 214,961,915 | 518,106,395 | 453,000,000 | 461,250,000 | 469,091,250 |
| Transport, Infrastructure & Public Works | 1,239,171,000 | 1,227,404,634 | 1,190,000,000 | 1,342,750,000 | 1,365,576,750 |
| Agriculture, Fisheries, Livestock and Co-operatives | 141,925,916 | 482,945,849 | 480,000,000 | 512,500,000 | 521,212,500 |
| Devolution & Public Service Administration | 1,389,053,177 | 951,700,994 | 1,016,176,640 | 1,035,250,000 | 1,052,849,250 |
| TOTAL | 10,737,810,894 | 14,634,579,687 | 13,100,000,000 | 14,555,000,000 | 14,802,435,000 |

Source: County Treasury

4.2: Details of Departmental Priorities

168. The medium-term expenditure framework for 2021/22 - 2023/2024 ensures continuity in resource allocation is based on prioritized programmes aligned to the ADP 2020 and strategic policy initiatives of the county government to accelerate growth, employment creation and poverty reduction. The recent achievements and key priority targets for each sector are based on the various Departmental reports.

4.2.1: County Assembly

169. The functions of the County Assembly include enacting county laws and oversees all the affairs of the county including receiving and approving the development plans and policies of the county. It also oversees the development and management of the county infrastructure and institutions; and is responsible for approval of the county budgets and expenditures. Due to the crucial role of this sub-sector, it has been allocated Ksh 684,382,942 in FY 2021/2022. The County Assembly budget consists of 5.2% of the total county budget.

4.2.2: County Executive

170. Under Article 179 (3) (b), of the Constitution, provides for the number of Executive Committee members in the County Government. Each respective County Executive Committee Member provides policy direction in their respective departments. The Executive Committee Member is therefore responsible for: Implementing county legislation; Implementing within the county, national legislation to the extent that the legislation so requires; Managing and coordinating the functions of the county administration and its departments; and performing any other functions conferred to it by the Constitution or national legislation; Preparing legislation for consideration by the County Assembly; Providing regular reports to the County Assembly for deliberation and decision-making; and Preparing County budgets and plans. The operations under this sub-sector consists of the Governor, Deputy Governor's office, the County Secretary, communication unit, cabinet affairs and the County Attorney's office.

171. This sub-sector requires considerable funding to oversee the implementation of the Kenyan Constitution, Vision 2030, and the County's Vision 2035, CIDP, the CFSP through provision of leadership and policies in governing of the county. It has the task of supervising the County Government department.

172. The department has been allocated Ksh. 386,491,789 in the FY 2021/2022. The budget consists of 3.0% of the total county budget.

4.2.3: Public Service Board

173. The County Public Service Board is established under an Act of Parliament as provided for under Article 235(1) of the Constitution of Kenya, 2010. The Article provides for a County Public Service Board in each county with control over the County Public Service. It also ensures that the county has adequate and competent personnel. The department has been allocated Ksh. 150,000,000 in the FY 2021/2022. The budget consists of 1.1% of the total county budget.

4.2.4: Department of Finance & Economic Planning

174. The key role of the Department is to ensure optimal collection, distribution and utilization of the scarce resources, provide leadership and policy direction in the governance of the County, coordination and supervision of County Financial and Economic affairs, promote sound public financial and economic management for socio-economic development, promote macroeconomic stability, planning and budgetary process, monitoring and evaluation of departmental development performance.

175. The department targets to maintain a database of all county assets, continue tracking all development projects and programmes; risk management strategies, prepare quarterly briefs or reports on development; enhance revenue collection; pending bills management, source for development partners and ensure that funds in the county are prudently utilized to achieve the county objectives and the realization of the vision 2030, implementation of the medium term plan III, the Mombasa Vision 2035 and the big four agenda.

176. Due to the crucial role of the department, it has been allocated Ksh 979,000,000 in the FY 2021/2022. The budget consists of 7.5% of the total county budget. The Department has allocated funds for servicing pending bills accrued from all the other county departments.

4.2.5: Department of Trade, Tourism & Investment

177. The Department significantly contributes towards generation of income and employment through tourism and trade development thus promoting self-employment, improving trading environment and attracting more investors and tourists in the County.

178. The tourism unit is committed towards developing a working strategy on the promotion, branding and marketing of Mombasa as an ideal experiential destination for both tourism and investment destination of choice.

179. The department has been allocated Ksh 845,160,775 in the FY 2021/2022. The budget consists of 6.5% of the total county budget.

4.2.6: Department of Education, Information Technology & MV 2035

180. In the financial year 2021/22 and over the medium term the department intends to carry out the following programmes; To provide quality and accessible basic education through renovation and equipping of ECD centers, continued recruitment of ECD teachers and care givers as well as strengthening the capacity of the city Polytechnics and vocational institutions. This Department also hosts the Information, Communication and Technology function which is a very key component towards the realization of the County's priority and improved service delivery.
181. The department will continue carrying out the following programmes: completion of the ongoing ECD Centers, School Feeding Program and milk fortification, vocational and technical training, establishment and equipping of the Maktaba Centers and Operationalizing of the Elimu Development Corporation and Elimu Fund to source funds for Education.
182. Due to the crucial role of the department, it has been allocated Ksh 1,027,000,000 in FY 2021/2022. The budget consists of 7.8% of the total county budget.

4.2.7: Department of Health Services

183. The department is committed to improving access to quality health services in the county through promotion and provision of integrated and high-quality curative, preventive and rehabilitative services that are equitable, responsive, accessible and universal health care for all.
184. In the medium term, the department will continue investing in service delivery, health workforce, health infrastructure, health products and technologies, health information, health financing and leadership governance. The resources allocated will be used to implement projects aimed at achieving accessibility, affordability of health services, and reduction of health inequalities and optimal utilization of health services.
185. Due to the crucial role of the department, it has been allocated Ksh 3,641,787,854 in FY 2021/2022. The budget consists of 27.8% of the total county budget.

4.2.8: Department of Water, Sanitation & Natural Resources

186. The Department of Water and Natural Resources have the following priority programmes: Management and conservation of natural resources; resource recovery; Provision of technical assistance and improvement of staff capacity to implement devolved functions; Promoting the integration of climate change adaptation and mitigation measures in county's projects/activities; Increase water supply and sewerage coverage; Reduce non-revenue water to acceptable global levels; Rehabilitate/Expand the existing dilapidated water/sanitation systems; and Improve management of water and sanitation services.
187. In the financial year 2021/2022 and over the medium term, Water and Sewerage services through increased Water Supply, Sanitation and Sewerage coverage, Rehabilitation /Expansion of the existing Water, Sanitation and sewerage network and ensuring compliance with the policies,

standards, regulations and laws. The Department will continue ensuring natural resources are protected; their use promoted and conserved hence proper management of natural resources for economic growth.

188. Due to the crucial role of the department, it has been allocated Ksh 430,000,000 in FY 2021/2022. The budget consists of 3.3% of the total county budget.

4.2.9: Department of Youth, Gender, Sports and Cultural Affairs

189. The department's mission is to formulate, mainstream and implement responsive programmes through coordinated strategies for sustainable and balanced socio-economic development of the County and empowerment of vulnerable in the county, marginalized groups and ensuring gender mainstreaming.

190. In the 2021/22, The Department will continue: To empower the youth with livelihood skills; Youth Empowerment, Economic Empowerment & Revolving Fund, to harness the full potential of our cultural heritage; To promote sports development in the county; To support women and persons living with disability with start-up kits and Provide and maintain public entertainment and recreational facilities.

191. The County continues to improve and develop new Sports facilities amongst others a state-of-the-art Stadium, levelling of football pitches at the ward level and also empowerment of Women, Youth and Persons living with disabilities through training, nurturing of talents and provision of business funds through a revolving fund.

192. Due to the crucial role of the department, it has been allocated Ksh 900,000,000 in FY 2021/2022. The budget consists of 6.9% of the total county budget.

4.2.10: Department of Environment, Solid Waste Management and Energy

193. The Department's priorities and strategies are: Promoting of green energy power generation plants (Organizing initiatives forums for green energy) generation and utilization; County carbon credit initiative program, Environmental conservation and protection, Develop effective and efficient waste collection system, Environmental governance compliance and enforcement, Renewable energy generation and Control of air and noise pollution.

194. The Department has developed strategies geared towards proper disposal of solid and liquid waste that will ensure that liquid waste is not disposed into the ocean untreated and minimize incidences where people burn solid wastes as a way of disposal.

195. Due to the key role of the department, it has been allocated Ksh 917,000,00 in FY 2021/2022. The budget consists of 7.0% of the total county budget.

4.2.11: Department of Lands, Housing and Physical Planning

196. The department is in charge of management of land use and ownership; Physical Planning, provision of adequate, clean, affordable and quality housing.
197. In the financial year 2021/2022 and over the medium term, the objectives of the department are; to continue ensuring proper management of land use and ownership, optimal use of land for development, promoting the provision of adequate and affordable housing. The proposed priority programmes to be undertaken to achieve these objectives include; Promoting sustainable use of land and its resources through land use planning and provision of secure land tenure and management.
198. The Department will also promote development of adequate, affordable quality housing through developing and implementing county housing unit, provision of affordable and quality housing units, refurbishment of county residential houses and maintenance of offices and promotion of appropriate building technology.
199. Due to the vital role the department plays, in the FY 2021/2022 budget, it has been allocated Ksh. 453,000,000. This constitutes 3.5% of the total budget.

4.2.12: Department of Transport, Infrastructure & Public Works

200. The Department of Transport and Infrastructure will continue to focus on road infrastructure improvement through maintaining the already existing road networks and also opening up new access roads so as to restore confidence of residents and making the cost of doing business favorable. Transport infrastructure development will also help revamp the tourism sector and foster social integration in the County.
201. The County is embarking on expanding on the following priority programmes: Construction of missing links on major roads in order to make transport affordable and faster for economic efficiency; construction of access roads; construction and maintenance of storm water drains; construction and maintenance of street lights which is geared towards promoting a vibrant 24-hour economy; and to enhance security within the County and construction and maintenance of public buildings.
202. Due to the enabling role of the department, it has been allocated Ksh 1,016,176,640 in FY 2021/2022. The budget consists of 7.8% of the total county budget.

4.2.13: Department of Agriculture, Fisheries, Livestock and Co-operatives

203. The overall objective of the Department is continued improvement of livelihoods of the people of Mombasa County through promotion of competitive and sustainable agriculture, livestock, and fisheries enterprises for development, cooperative development and cooperative marketing and value addition.
204. In the financial year 2021/2022 and over the medium term, the department will continue undertaking the following; provision of efficient and effective agricultural, livestock and fisheries

services in Mombasa County; improving food security and; promoting affordable agricultural land use and efficiency in farm operations through crop management; the veterinary services will continue preventing and controlling spread of disease from within and other counties; safeguarding human health; providing animal health and extension and welfare services; Improved livelihood for the households in income generation activities through cooperative marketing and value addition.

205. The Department's priorities are: Increased crop production and productivity through dissemination of better farming practices and protection of farming area; Increased market access for livestock products through marketing initiatives and establishment of processing and value addition facility and Enhancing sustainable Fisheries Supply.

206. The Department will also enhance productivity of livestock and livestock produce through effective extension services and ensure sustainable use of fisheries resources for better livelihoods for fisher folk and food security of the county.

207. The department has been allocated Ksh 480,000,00 in FY 2021/2022. The budget consists of 3.7% of the total county budget.

4.2.14: Department of Devolution & Public Service Administration

208. The Department of Devolution and Public Service Administration is in charge of public service management, sub county administration and devolution. The key objectives include: coordination, supervision and management of County functions; inter-departmental relations at the Sub County and Ward levels; achieve efficient public service management to improve service delivery and; Improve established channels of communication between citizens and the County Government.

209. To enhance coordination of Government programs for efficient and effective service delivery and enhance teamwork within the Government departments, the Department has been allocated Ksh 1,016,176,640 in FY 2021/2022. The budget consists of 7.8% of the total county budget.

DETAILED REVENUE ANALYSIS

Annex 1: TOTAL EXCHEQUER ISSUES 2019-20

| Revenue Item | Annual Budgeted | Total Receipt | Percentage |
|---|----------------------|----------------------|------------|
| Equitable share | 7,057,950,000 | 7,057,950,000 | 100 |
| GRANTS | | | |
| Kenya Devolution Support Project 18-19 - IDA(WB)-KDSP 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 | 1,878,658,776 | 1,032,493,924 | 55 |
| Total Exchequer Issues | 8,677,191,830 | 8,090,443,924 | 93 |

Annex 2: TOTAL LOCAL REVENUE COLLECTED 19-20

| MONTHLY REVENUE ANALYSIS DETAILED | | | |
|------------------------------------|----------------------|--------------------|--------------|
| REVENUE. | ANNUAL BUDGETED | GRAND TOTALS. | % Collection |
| | 2019-2020 | 2019-2020 | |
| | KSHS. | KSHS. | |
| 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% |
| Other Property Income | 1,314,371,354 | 505,275,833 | 38% |
| 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 Scape 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% |
| Receipts from Administrative Fees and Charges | 609,700,259 | 730,201,314 | 120% |
| | | | |
| Business Permits, Current Year | 631,745,841 | 427,574,720 | 68% |
| Business Permits, Other Years (Including Penalties) | 1,629,254 | 0 | 0% |
| Business Permits / Cess | 633,375,095 | 427,574,720 | 68% |
| | | | |
| 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% |
| Plot Rents | 19,358,612 | 5,320,693 | 27% |

| | | | |
|--|--------------------|-------------------|------------|
| 03020205 Mackinnon Market | 0 | 0 | |
| Market Stalls Rent | 2,235,050 | 0 | 0% |
| | | | |
| 03020305 Makupa Market | | | |
| Market Stalls Rent | 1,173,270 | 0 | 0% |
| | | | |
| 03020405 Mombasa Wholesale market | | | |
| 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% |
| | | | |
| 03020505 Magongo Market | 0 | 0 | |
| Market Stalls Rent | 807,550 | 0 | 0% |
| Off loading | 0 | 0 | |
| | | | |
| 03020605 Likoni Open Air Market | 0 | 0 | |
| Market Stalls Rent | 207,800 | 0 | 0% |
| | | | |
| 03020705 Port Tudor, Kongowea & Likoni Market | 0 | 0 | |
| Market Stalls Rent | 131,650 | 0 | 0% |
| | | | |
| 03020805 Segu Market | 0 | 0 | |
| Market Stalls Rent | 1,311,400 | 0 | 0% |
| | | | |
| 03020905 Chaani Open Air Market | 0 | 0 | |
| Market Stalls Rent | 1,011,400 | 0 | 0% |
| | | | |
| 03021005 Mikindani Market | 0 | 0 | |
| Market Stalls Rent | 267,100 | 0 | 0% |
| | | | |
| 03021105 Mwembe Tayari Market | 0 | 0 | |
| Market Stalls Rent | 1,155,855 | 0 | 0% |
| 03021205 Kisauni Retail Stall Market | 0 | 0 | |
| Market Stalls Rent | 2,913,075 | 0 | 0% |
| Sales of Market Establishments | 347,431,080 | 49,196,949 | 14% |
| | | | |
| 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% |
| Vehicle Parking Fees | 972,009,198 | 493,169,133 | 51% |
| | | | |
| Housing Estates Monthly Rent | 29,208,993 | 59,957,478 | 205% |
| Housing | 29,208,993 | 59,957,478 | 205% |
| | | | |
| 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% |
| 07031405 Refuse Disposal (Nguu Tatu) | 0 | 0 | |
| Garbage Dumping Fee | 4,498,000 | 3,787,200 | 84% |
| Refuse Collection Fee | 169,000 | 0 | 0% |
| Environment and Conservancy Administration | 110,196,652 | 99,850,142 | 91% |
| | | | |
| Inspection Schools for Registration | 9,559,000 | 960,000 | 10% |
| Other Education Related Fees | 9,559,000 | 960,000 | 10% |
| Sundry Income | 197,337,284 | 120,081,065 | 61% |
| 07021305 Kongowea Health Centre | 0 | 0 | |
| Premises Inspection Fees | 460,662,716 | 751,973,624 | 163% |
| Other Health and Sanitation Revenues | 658,000,000 | 873,019,415 | 133% |
| | | | |
| Court Fines | 25,508,795 | 11,819,658 | 46% |
| Cash Bail | 4,672,187 | 3,663,000 | 78% |
| Fines Penalties and Forfeitures | 30,180,981 | 15,482,658 | 51% |
| COUNTY OWN REVENUE | 4,733,391,224 | 3,260,008,335 | 69% |

Annex 3: EXPENDITURE PER PROGRAM 2019/2020

| | Departments / Programmes | Expenditure | Original Budget FY 2019/2020 | Final Budget FY 2019/2020 | TOTAL | % AGE |
|-----------|--|-------------|---------------------------------|------------------------------|----------------------|--------------|
| 1. | 3011 THE EXECUTIVE | | | | | |
| P1 | Governor's Affairs & Advisory Services | RECURRENT | 132,442,288 | 119,646,728 | 103,238,801 | 86% |
| | | DEVELOPMENT | 0 | 0 | 0 | 0% |
| P2 | Deputy Governor's Affairs & External Relations | RECURRENT | 77,286,579 | 85,156,947 | 45,429,104 | 53% |
| | | DEVELOPMENT | 0 | 0 | 0 | |
| P3 | Cabinet Affairs, Policy Research and Legal Services | RECURRENT | 105,888,750 | 77,469,786 | 18,525,184 | 24% |
| | | DEVELOPMENT | 15,098,932 | 0 | 985,331 | 0% |
| P4 | MV 2035 & E-Government | RECURRENT | 25,950,714 | 10,910,190 | 1,356,075 | 12% |
| | | DEVELOPMENT | 0 | 0 | 0 | |
| P5 | Strategic Delivery Unit | RECURRENT | 21,823,957 | 4,475,400 | 973,324 | 22% |
| | | DEVELOPMENT | 0 | 0 | 399,818 | |
| | Total | | 378,491,220 | 297,659,052 | 170,907,637 | 57.4% |
| 2. | 3013 COUNTY PUBLIC SERVICE BOARD | | | | | |
| P1 | General Administration, Planning and Support Services | RECURRENT | 118,831,959 | 52,657,645 | 41,923,082 | 80% |
| | | DEVELOPMENT | 11,637,280 | 6,493,410 | 300,040 | 5% |
| | Total | | 130,469,239 | 59,151,055 | 42,223,122 | 71.4% |
| 3. | 3014 FINANCE AND ECONOMIC PLANNING | | | | | |
| P1 | General Administration, Planning and Support Services | RECURRENT | 829,847,059 | 1,752,740,346 | 1,374,538,889 | 78% |
| | | DEVELOPMENT | 726,954,639 | 403,190,453 | 261,731,636 | 65% |
| P2 | Financial Management Services | RECURRENT | 72,100,000 | 206,124,329 | 174,134,203 | 84% |
| | | DEVELOPMENT | 7,000,000 | 10,229,050 | 920,703 | 9% |
| P3 | Economic Planning and Policy formulation | RECURRENT | 77,574,896 | 156,079,324 | 118,110,424 | 76% |
| | | DEVELOPMENT | 16,000,000 | 7,500,000 | 0 | 0% |
| | Total | | 1,729,476,594 | 2,535,863,502 | 1,929,435,855 | 76.1% |
| 4. | 3015 ENVIRONMENT, WASTE MANAGEMENT & ENERGY | | | | | |
| P1 | General Administration, Planning and Support Services | RECURRENT | 352,866,040 | 322,259,036 | 323,791,119 | 100% |
| | | DEVELOPMENT | 64,000,000 | 53,327,350 | 35,293,660 | 66% |
| P2 | Waste Management | RECURRENT | 27,700,000 | 9,763,223 | 20,665,222 | 212% |
| | | DEVELOPMENT | 257,372,081 | 167,324,894 | 74,363,497 | 44% |
| P3 | Environmental Compliance and Monitoring | RECURRENT | 117,065,338 | 130,863,685 | 29,695,914 | 23% |
| | | DEVELOPMENT | 50,000,000 | 37,626,773 | 22,389,507 | 60% |
| P4 | Climate Change | RECURRENT | 8,250,500 | 454,400 | 0 | 0% |
| | | DEVELOPMENT | 45,000,000 | 29,229,720 | 1,407,052 | 5% |
| P5 | Energy | RECURRENT | 8,250,500 | 257,000 | 0 | 0% |
| | | DEVELOPMENT | 12,000,000 | 1,904,000 | 0 | 0% |
| | Total | | 942,504,459 | 753,010,081 | 507,605,972 | 67.4% |

| | | | | | | |
|-----------|---|-------------|----------------------|----------------------|----------------------|----------------|
| 5. | 3016 Education, Information Technology & MV 2035 | | | | | |
| P1 | General Administration, Planning and Support Services | RECURRENT | 286,676,346 | 237,309,730 | 216,588,457 | 91% |
| | | DEVELOPMENT | 0 | 0 | 0 | 0% |
| P2 | Education headquarters | RECURRENT | 39,473,298 | 32,325,295 | 22,437,203 | 69% |
| | | DEVELOPMENT | 86,886,237 | 91,646,794 | 44,587,152 | 49% |
| P3 | Childcare | RECURRENT | 4,650,000 | 2,062,000 | 1,330,300 | 65% |
| | | DEVELOPMENT | 60,000,000 | 41,097,840 | 0 | |
| P4 | Elimu Fund | RECURRENT | 161,890,000 | 116,595,500 | 114,529,000 | 98% |
| | | DEVELOPMENT | 0 | 0 | 0 | 0% |
| P5 | Information Technology Headquarters | RECURRENT | 48,830,000 | 37,148,379 | 12,663,554 | 34% |
| | | DEVELOPMENT | 73,443,119 | 25,360,050 | 17,167,002 | 68% |
| | Total | | 761,849,000 | 583,545,588 | 429,302,668 | 73.6% |
| 6. | 3017 HEALTH SERVICES | | | | | |
| P1 | Administration Unit | RECURRENT | 2,463,579,663 | 2,716,882,004 | 3,032,029,685 | 112% |
| | | DEVELOPMENT | 87,688,796 | 437,384,972 | 0 | 0% |
| P2 | Curative/Clinical Health Services | RECURRENT | 181,008,546 | 59,544,993 | 64,094,146 | 108% |
| | | DEVELOPMENT | 85,491,780 | 29,915,512 | 7,268,275 | 24% |
| P3 | Preventive and Promotive Services Unit | RECURRENT | 150,033,931 | 81,681,908 | 86,416,380 | 106% |
| | | DEVELOPMENT | 55,086,200 | 1,380,217 | 0 | 0% |
| P4 | Special Programs | RECURRENT | 19,213,394 | 940,000 | 70,393,611 | 7489% |
| | | DEVELOPMENT | 3,375,000 | 0 | 1,008,813 | |
| | Total | | 3,045,477,310 | 3,327,729,606 | 3,261,210,911 | 7838.0% |
| 7. | 3018 Water, Sanitation & Natural Resources | | | | | |
| P1 | Administration unit | RECURRENT | 52,415,621 | 23,610,453 | 18,383,345 | 78% |
| | | DEVELOPMENT | 16,569,334 | 199,310,806 | 0 | 0% |
| P2 | Sanitation/Sewerage Services Headquarters | RECURRENT | 500,000 | 0 | 0 | |
| | | DEVELOPMENT | 608,930,666 | 0 | 0 | |
| P3 | Water Supply Headquarters | RECURRENT | 64,506,011 | 0 | 0 | |
| | | DEVELOPMENT | 873,500,000 | 323,260,623 | 264,282,619 | 82% |
| P4 | Natural Resources | RECURRENT | 3,800,000 | 0 | 0 | |
| | | DEVELOPMENT | 51,000,000 | 0 | 0 | |
| | Total | | 1,671,221,632 | 546,181,882 | 282,665,964 | 51.8% |
| 8. | 3019 Youth, Gender, Sports and Cultural Affairs | | | | | |
| P1 | Administration Unit | RECURRENT | 118,814,141 | 88,604,296 | 77,342,835 | 87% |
| | | DEVELOPMENT | 67,500,000 | 13,605,750 | 2,973,285 | 22% |
| P2 | Youth Empowerment | RECURRENT | 57,912,674 | 19,686,588 | 6,540,314 | 33% |
| | | DEVELOPMENT | 43,841,602 | 14,759,100 | 3,388,837 | |
| P3 | Gender Affairs and Disability Mainstreaming | RECURRENT | 24,000,000 | 17,152,900 | 3,060,724 | 18% |
| | | DEVELOPMENT | 20,000,000 | 0 | 0 | 0% |
| P4 | Sports development | RECURRENT | 26,330,000 | 2,028,535 | 168,700 | 8% |
| | | DEVELOPMENT | 180,583,664 | 197,096,581 | 81,466,489 | 41% |
| P5 | Cultural Affairs | RECURRENT | 23,220,078 | 9,471,500 | 0 | 0% |
| | | DEVELOPMENT | 43,670,000 | 28,089,250 | 6,327,195 | 23% |
| P6 | Public Recreation and Entertainment | RECURRENT | 20,000,000 | 5,216,500 | 0 | 0% |

| | | | | | | |
|--|--|-------------|--------------------|--------------------|--------------------|--------------|
| | | DEVELOPMENT | 20,000,000 | 0 | 0 | |
| | Total | | 645,872,159 | 395,711,000 | 181,268,380 | 45.8% |
| 9. 3020 Trade, Tourism & Investment | | | | | | |
| P1 | Administration Unit | RECURRENT | 298,886,686 | 229,740,807 | 215,718,930 | 94% |
| | | DEVELOPMENT | 30,884,130 | 8,156,085 | 3,634,700 | |
| P2 | Trade Development | RECURRENT | 43,354,527 | 16,529,591 | 13,977,135 | 85% |
| | | DEVELOPMENT | 40,057,602 | 98,360,659 | 37,373,205 | 38% |
| P3 | Development of Tourism | RECURRENT | 58,354,527 | 11,259,206 | 699,046 | 6% |
| | | DEVELOPMENT | 40,057,602 | 13,908,746 | 8,206,865 | 59% |
| P4 | Investment Promotion and Products Headquarters | RECURRENT | 51,354,527 | 13,838,588 | 2,056,291 | 15% |
| | | DEVELOPMENT | 40,057,602 | 0 | 3,514,218 | |
| P5 | Ease of Doing Business-Headquarters | RECURRENT | 14,001,998 | 2,623,809 | 1,500,000 | 57% |
| | | DEVELOPMENT | 0 | 0 | 0 | |
| | Total | | 617,009,199 | 394,417,491 | 286,680,390 | 72.7% |
| 10. 3021 Lands, Planning, Housing and Urban Renewal | | | | | | |
| P1 | Administration Unit | RECURRENT | 182,289,262 | 154,068,723 | 116,389,267 | 76% |
| | | DEVELOPMENT | 50,829,963 | 32,362,000 | 59,931,666 | 185% |
| P2 | Land Management Unit | RECURRENT | 5,075,000 | 23,205,600 | 9,458,448 | 41% |
| | | DEVELOPMENT | 73,000,000 | 51,303,272 | 2,211,207 | 4% |
| P3 | Housing Development Unit | RECURRENT | 32,790,000 | 28,129,942 | 0 | 0% |
| | | DEVELOPMENT | 87,500,000 | 65,481,388 | 26,971,327 | 41% |
| | Total | | 431,484,225 | 354,550,925 | 214,961,915 | 60.6% |
| 11. 3022 TRANSPORT, INFRASTRUCTURE & PUBLIC WORKS | | | | | | |
| P1 | Administration Unit | RECURRENT | 271,997,607 | 372,149,919 | 347,232,110 | 93% |
| | | DEVELOPMENT | 17,000,000 | 16,502,220 | 126,021,943 | 764% |
| P2 | Road and Transport Unit | RECURRENT | 44,250,000 | 1,676,350 | 6,502,285 | 388% |
| | | DEVELOPMENT | 429,250,531 | 1,289,422,054 | 692,215,630 | 54% |
| P3 | Works Unit | RECURRENT | 31,700,000 | 4,220,390 | 0 | 0% |
| | | DEVELOPMENT | 32,089,385 | 0 | 499,997 | 0% |
| P4 | Transport Planning, Management and Safety | RECURRENT | 14,700,000 | 880,000 | 481,552 | 55% |
| | | DEVELOPMENT | 131,605,365 | 106,336,688 | 51,336,788 | 48% |
| P5 | Mechanical Services | RECURRENT | 53,325,279 | 24,179,481 | 0 | 0% |
| | | DEVELOPMENT | 24,500,000 | 33,479,710 | 14,880,697 | |
| P6 | Safety, Risk Management and Rescue Services | RECURRENT | 42,250,000 | 2,831,150 | 0 | 0% |
| | | DEVELOPMENT | 0 | 22,964,899 | 0 | 0% |

| | | | | | | |
|------------|---|-------------|-----------------------|-----------------------|-----------------------|--------------|
| | Total | | 1,092,668,167 | 1,874,642,861 | 1,239,171,000 | 66.1% |
| 12. | 3023 Agriculture, Fisheries, Livestock and Co-operatives | | | | | |
| P1 | Administration Unit-Headquarters | RECURRENT | 146,451,666 | 123,158,435 | 101,527,346 | 82% |
| | | DEVELOPMENT | 19,584,755 | 17,432,870 | 8,767,982 | 50% |
| P2 | Crop Management Unit | RECURRENT | 22,833,710 | 10,830,182 | 5,845,339 | 54% |
| | | DEVELOPMENT | 41,428,819 | 10,701,000 | 1,950,776 | 18% |
| P3 | Livestock Unit | RECURRENT | 13,832,330 | 7,719,488 | 1,833,776 | 24% |
| | | DEVELOPMENT | 15,410,000 | 5,129,600 | 0 | 0% |
| P4 | Fisheries Unit-Headquarters | RECURRENT | 14,755,871 | 5,633,410 | 1,896,724 | 34% |
| | | DEVELOPMENT | 111,517,900 | 40,027,544 | 18,748,473 | 47% |
| P5 | Veterinary Services | RECURRENT | 14,435,256 | 6,478,019 | 682,500 | 11% |
| | | DEVELOPMENT | 12,591,891 | 3,688,835 | 0 | 0% |
| P6 | Cooperatives | RECURRENT | 9,712,092 | 2,427,050 | 673,000 | 28% |
| | | DEVELOPMENT | 10,482,261 | 2,000,000 | 0 | 0% |
| | Total | | 433,036,551 | 235,226,433 | 141,925,916 | 60.3% |
| 13. | 3026 Devolution & Public Service Administration | | | | | |
| P1 | Administration | RECURRENT | 649,661,960 | 1,340,173,302 | 1,267,956,305 | 95% |
| | | DEVELOPMENT | 10,000,000 | 0 | 3,150,307 | 0% |
| P2 | Devolution and public service administration | RECURRENT | 124,358,237 | 39,172,796 | 96,123,839 | 245% |
| | | DEVELOPMENT | 0 | 0 | 0 | |
| P3 | Public Service Reforms and Delivery | RECURRENT | 115,501,914 | 49,036,733 | 5,389,550 | 11% |
| | | DEVELOPMENT | 65,545,582 | 0 | 0 | |
| P4 | Compliance and Enforcement | RECURRENT | 29,429,118 | 89,041,250 | 758,621 | 1% |
| | | DEVELOPMENT | 0 | 0 | 0 | 0% |
| P5 | County Administration and decentralized services | RECURRENT | 96,483,715 | 16,304,015 | 10,340,070 | 63% |
| | | DEVELOPMENT | 25,000,000 | 34,199,572 | 5,334,486 | 16% |
| | Total | | 1,115,980,526 | 1,567,927,668 | 1,389,053,177 | 88.6% |
| | 3010-MOMBASA COUNTY EXECUTIVE | | 12,995,540,281 | 12,925,617,142 | 10,076,412,906 | 78.0% |
| | 3012 COUNTY ASSEMBLY | | 683,827,757 | 744,382,857 | 661,397,987 | 88.9% |
| | MOMBASA COUNTY CONSOLIDATED | | 13,679,368,038 | 13,670,000,000 | 10,737,810,893 | 78.6% |