



COUNTY GOVERNMENT OF MOMBASA
COUNTY TREASURY

MEDIUM TERM

FISCAL STRATEGY PAPER

©February 2023

Foreword

The 2023 Mombasa County Fiscal Strategy Paper (CFSP) is the first to be prepared under the new Administration, of the Kenya Kwanza Government, is based on the framework of Bottom-up Economic Transformation Agenda (BETA). It sets out the Administration's priority programs, policies and reforms to be implemented in the Medium-Term Expenditure Framework (MTEF). The 2023 BPS comes at a time when the Government is finalizing the preparation of the Fourth Medium Term Plan (2023-2027) of the Kenya Vision 2030 that will prioritize implementation of economic recovery strategies of the new Administration to reposition the economy on a steady, inclusive and sustainable growth trajectory.

The CFSP is framed against a backdrop of global economic slowdown underpinned by the ongoing Russia-Ukraine conflict, elevated global inflation, the lingering effects of the COVID-19 pandemic, and persistent supply chain disruptions and the drought effects that have created urgency on food security and climate change effects. This urgency allows us to refocus investments on mitigation, adaptation and firm resilience. As the effects of COVID-19 pandemic started to fade away, the Kenyan economy bounced back recording a GDP growth rate of 7.5 percent in 2021, propelled by heavy public investments in public infrastructure. However, the momentum has been slowed again by the Russia-Ukraine conflict that has disrupted global trade through increased fuel, fertilizer and food prices. For the first time in five years, inflation rate in Kenya is above the Government target range mainly driven by supply side constraints occasioned by the external shocks as well as the drought effects.

In addition, the drought impacts in the economy has created a strong focus on food security and climate change. These effects will become dominant in economic management and focusing on its quality and structure. We have witnessed how it has reversed efforts in poverty reduction and inequality, but above all promoted social conflicts. These effects are compounded and amplified by declining manufacturing productivity; skewed access to finance for business and development; rigidities in business regulatory framework; weak governance; and fiscal risks including pension's liabilities, stalled public projects, payment arrears; and high debt service that has hindered the economy from achieving its full potential.

This CFSP identifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for Financial Year (FY) 2023/2024 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 2022/2023; highlights of the recent economic developments and economic

outlook; broad strategic priorities and policies for FY 2023/2024 as indicated in the Medium-Term Fiscal Framework and as outlined in the Mombasa County Integrated Development Plan (CIDP) 2023-2027.

The following are the Governor's ten key pillars aimed at transforming the lives of Mombasa residents in the Manifesto;

- Revitalizing Mombasa's blue economy
- Providing all citizens with access to clean water, sewer & drainage services
- Solving public transport challenges
- Prioritizing social welfare; improving quality of life for our people
- Entrenching good governance
- Reforming county government finance
- Investing in education
- Promoting cohesion, eliminating criminal gangs and battling drug addiction
- Modernizing solid waste disposal
- Leveraging Technology for development; Mombasa as a Smart City

The county Government is inclined to revamp social programmes so as to spur the economy and improve the quality of life of its citizens. The County priorities and goals outlined herein are based on the County Integrated Development Plan 2023-2027, Governor's Manifesto and the inputs from stakeholders. The key County proposed priority areas are;

- Revamping of quality and affordable health services
- Youth Empowerment, Cohesion and Inclusivity
- Education and Training
- Streamlined waste management services
- Investment Promotion

This strategy will also compliment the National Government's Bottom-Up Economic Transformation Agenda (BETA) development agenda, the Fourth Medium Term Plan, 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.

EVANS OANDA

COUNTY EXECUTIVE COMMITTEE MEMBER

FINANCE AND ECONOMIC PLANNING

Acknowledgement

The Mombasa County Fiscal Strategy Paper 2023 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 2023/24 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 2023/2024 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 his impactful input, good will and guidance provided during the entire period of preparing this document. The Budget and Economic Planning unit 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.

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FINANCE AND ECONOMIC PLANNING

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Abbreviations and Acronyms

ADP	Annual Development Plan
BBB	Building Back Better
BETA	Bottom-Up Economic Transformation Agenda
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
NHIF	National Health Insurance Fund
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 2023/2024 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) 2023-2027 which is aligned to the National Government's development agenda of the Kenya Vision 2030, the Fourth Medium Term Plan (MTP IV) which will augment economic transformation by complimenting key programs under the Bottom-Up Economic Transformation Agenda geared towards economic turnaround and inclusive growth. The focus will be placed on increased employment, more equitable distribution of income, social security while also expanding the tax revenue base, and increased foreign exchange earnings.

The 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 2023-2027 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 focus on ten key pillars aimed at transforming the lives of Mombasa residents which are; Revitalizing Mombasa's economy, Providing all citizens with access to clean water, sewer & drainage services, Solving public transport challenges, Prioritizing social welfare; improving quality of life for our people, Entrenching good governance, Reforming county government finance, Investing in education, Promoting cohesion, eliminating criminal gangs and battling drug addiction, Modernizing solid waste disposal and Leveraging Technology for development; Mombasa as a Smart City. 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 2023/24.

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 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:

- ❖ Over the medium term, a minimum of 30 percent of the national budget shall be allocated to development expenditure
- ❖ 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.
- ❖ 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
- ❖ Public debt and obligations shall be maintained at a sustainable level as approved by Parliament and county assembly.
- ❖ Fiscal risks shall be managed prudently.
- ❖ 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 2023/2024 County Fiscal Strategy Paper is to lay down the framework 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 2023/2024 budgetary process;
- The broad fiscal parameters for the 2023/2024 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 third generation County Integrated Development Plan (CIDP) 2023-2027; and
- A framework for the preparation of departmental budget estimates and the development of detailed budget policies.

Outline of the 2023/2024 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 implementing the Bottom–Up Economic Transformation Agenda geared towards economic turnaround and inclusive growth.

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

Chapter Four presenting the Medium-term Expenditure Framework for the 2023/24-2025/26 financial years.

CHAPTER ONE

1.0 THE BOTTOM – UP ECONOMIC TRANSFORMATION AGENDA FOR INCLUSIVE GROWTH

1.1 Overview

1. The 2023 County Fiscal Strategy Paper is the first to be prepared under the Kenya Kwanza Government and sets out the priority programs, policies and reforms of the Administration that will be implemented in the Medium-Term Expenditure Framework (MTEF). It presents the Bottom–Up Economic Transformation Agenda geared towards economic turnaround and inclusive growth. The document is framed against a backdrop of global economic slowdown occasioned by the ongoing Russia-Ukraine conflict, elevated global inflation, lingering effects of the COVID-19 pandemic, persistent supply chain disruptions and the food security and climate effects.
2. In the context of these challenging times, Kenya’s economy remains resilient with an impressive economic performance of 7.5 percent in 2021 largely on rebound from negative growth the previous year on account of bold economic policies and structural reforms as well as sound economic management implemented overtime. However, the momentum has been slowed again by the Russia-Ukraine conflict that has disrupted global trade through increased fuel, fertilizer and food prices. For the first time in five years, inflation rate in Kenya is above the Government target range mainly driven by supply side constraints occasioned by external shocks. Aside from these shocks, the Kenyan economy is confronted by various bottlenecks including: recurrent drought affecting agricultural productivity; declining manufacturing productivity; skewed access to finance for business and development; rigidities in business regulatory framework; weak governance; and fiscal risks including pension’s liabilities, stalled public projects, pending bills; and high debt service that has hindered the economy from achieving its full potential.
3. The need to address these challenges, bolster resilience while building on successes realized overtime forms the basis of the Kenya Kwanza Government’s Bottom-Up Economic Transformation Agenda. The Agenda is geared towards economic turnaround and inclusive growth. Special focus will be placed on increased employment, more equitable distribution of income, social security while also expanding the tax revenue base, and increased foreign exchange earnings.
4. The priority programmes are classified under two categories; core pillars and the enablers which aim at creation of a conducive business environment for socio economic transformation. Under the core pillars, the Government seeks to increase investments in five sectors envisaged to have the biggest impact on the economy as well as on household welfare.

These include: Agricultural Transformation; Micro, Small and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry. To make these programmes feasible, the Government will implement strategic interventions under the following key enablers: Infrastructure; Manufacturing; Blue Economy; the Services Economy, Environment and Climate Change; Education and Training; Women Agenda; Youth Empowerment and Development Agenda; Social Protection; Sports, Culture and Arts; and Governance.

5. The budgeting process for the priority programmes will be done through a value chain approach under five clusters: i) Finance and Production Economy; ii) Infrastructure; iii) Land and Natural Resource; iv) Social Sectors; and v) Governance and Public Administration. This process ensures there is no break in the cycle in the resource allocations for a value chain. The process also ensures adequate resources are allocated to any entity along the value chain and helps to eliminate duplication of roles and budgeting of resources.
6. The priority programmes will be implemented through a value chain approach under five clusters: i) Finance and Production Economy; ii) Infrastructure; iii) Land and Natural Resource; iv) Social Sectors; and v) Governance and Public Administration. This will ensure no break in the cycle either by not allocating requisite resources to any entity along the value chain and also eliminate duplication of allocations and roles.
7. Through the various priority economic policies, structural reforms, fiscal consolidation plan and sectoral expenditure programs outlined in this 2023 BPS, the Government is taking determined steps to address these challenges, bolster resilience to shock as part of the strategy for socio-economic transformation and inclusive growth. Over the medium term, the Government through the Fourth Medium-Term Plan (2023-2027) will prioritize implementation of economic recovery strategies to re-position the economy on a steady and sustainable growth trajectory.

1.2 Core Thematic Areas

8. The Government will implement policies and structural reforms and promote investment in five core thematic areas that are expected to have the highest impact at the bottom of the economy. These are: Agricultural Transformation; Micro, Small and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Economy.

Kenya Kwanza Government's Bottom-Up Economic Transformation Agenda (BETA)

9. BETA is The Agenda is geared towards economic turnaround and inclusive growth, and aims to increase investments in at least five sectors envisaged to have the largest impact and linkages to the economy as well as on household welfare. These include: Agricultural Transformation; Micro, Small and Medium Enterprise (MSME); Housing and Settlement; Healthcare; Digital Superhighway and Creative Industry. Special focus will be placed on increased employment, more equitable distribution of income, social security while also expanding the tax revenue base, and increased foreign exchange earnings.
10. To make BETA programmes feasible, the Government will implement strategic interventions under the nine (9) value chains: Leather and Leather Products, Livestock Value Chain (Dairy and Pastoral Economy), Tea Value Chain, Rice Value Chain, Edible Oils (Soya beans, sunflower, canola, simsim among others), Apparel/Garments/ Textiles (cotton), Construction/Building Materials, Mining (artisanal mining) and Blue Economy. Special focus will be placed on increased employment, more equitable distribution of income, social security.
11. BETA will be implemented by the following twelve (12) enablers: Infrastructure, Manufacturing, Blue Economy, The Services Economy, Environment and Climate Change, Education and Training, Women Agenda, Social Protection, Sports, Culture and Arts; Youth Empowerment and Development Agenda; Governance; and Foreign Policy and Regional Integration.
12. To align to BETA, the County Government of Mombasa will undertake the following investments and/ or strategic interventions:
13. On **Agricultural Transformation** the county intends to;
 - Establish value additional centers that will ensure innovative, commercially oriented, and modern agriculture and livestock sector
 - Adoption of modern technology into agricultural practices
 - Increase youth and women participation in integrated agricultural value chains by coming up with relevant loan products
 - Promotion of agri-business and cottage industries
 - Increase agricultural production and productivity through sustainable land management, employment of modern farming and fishing technologies
 - Offer input subsidies and fruit trees supplied for planting
 - Farmers capacity building on farming methods and post-harvest management
 - Promotion of high-value crops, water harvesting and drought resistant crops

- Revamping of Blue Economy: fish cold storage facility and Mari culture
- Undertake crop pest and disease surveillance
- Promotion of adoption of modern livestock and fisheries and marketing of produce
- Promotion of value-chains for fruits (mangoes & avocados), coconut processing plant, nuts/ cashew nuts

14. In addressing the **Micro, Small and Medium Enterprise (MSME) Economy** the County will;

- Restructure the county taxation regime based on the economic strength of the businesses in Mombasa
- Encourage sub-contracting arrangements between SMEs and large enterprises with certification for local informal skilled laborers
- Allocate a considerable portion of the county government procurement contracts to the local industry
- Improve Ease of Doing Business
- Refurbish existing county markets and construct new modern markets with cold storage facilities.

15. Under **Housing and Settlement**, the County Government plans will undertake the following initiatives;

- Provision of security of tenure to squatters
- Redevelopment of county housing estates
- Informal settlements servicing
- Require county planning authorities to inform and educate members of the public on values and principles of compact urban planning and development to preserve drainage facilities;
- Ensure that no registration and titling of urban land takes place outside the framework of approved urban development plans
- County zoning and county spatial planning
- Mainstream environmental concerns in urban and city planning and development

16. In revitalizing **Healthcare**, the county will ensure that it;

- Resource the devolved healthcare infrastructure at sub-county level so that there is adequate healthcare staff, medication and equipment to serve the needs of the people
- Ensure increased uptake of NHIF to reduce out of pocket spending
- Acquire a second cancer treatment machine

- Recruitment, continuous and progressive training for healthcare workers and promotions
- Cushion the elderly people in Mombasa
- Ensure Universal Health Care for all citizens
- Create a County Revolving Youth and Women Fund
- Operationalize the Mombasa County Community Health Service Bill,2023
- Provide disaster relief services
- Establish County Gender Based Violence and Child Protective Centers
- School Sanitary Program for girls
- Widen the Reach of the Second Chance Program- designed to support vulnerable women who have dropped out of formal education as a result of early pregnancy to resume their studies

17. On **Digital Superhighway and Creative Industry**, the county will;

- Develop a comprehensive digitization of public services strategic plan focused on investing in systems and building internal capacity
- Establish free public ICT hubs at ward level to promote ICT innovation
- Seek out PPP frameworks to establish technology training centers
- Provide ICT infrastructure that meets the set acceptable universal standards
- Review of prohibitive by-laws that limit ICT innovation
- Promote small holder ICT startup culture
- Provide free Wi-Fi for residents at the ICT hubs
- Installation of learning institution with ICT infrastructure, internet and e-learning tools
- Establishment of ICT training centers
- Setting up of ICT Hubs in Ward Offices

1.3 Enablers

18. The Government's Bottom – Up Economic Transformation Agenda will be underpinned by sound and innovative policy and structural reforms targeted at all socio-economic sectors, building efficient infrastructure, climate-change mitigation mechanisms, as well as foster strict compliance with the Constitution and the rule of law.

19. **Infrastructure:** The Government will intensify national connectivity through water, road, rail, port, energy and fibre-optic infrastructure to foster an enabling environment for

economic recovery and inclusive growth. The Government is finalizing a framework for centralization of resources to deal with all stalled infrastructure projects.

20. **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.
21. In infrastructure development, the main interventions continue to be improvement of access roads, drainage, non-motorized transport, beautification and aesthesis of the County. To empower the SMES the county will continue to improve and set up trading infrastructure within the county.
22. **Water:** Two-thirds of Kenya's agricultural land requires irrigation, against only 4 percent that is irrigated. Irrigation is the single most important game changer in agriculture. To enhance access to safe water for domestic and industrial use, the Government has planned to construct small and medium dams, water pans, boreholes and large-scale dams under "Water 10,000 Program" and connection of water to 1,000,000 households.
23. **Increased accessibility to safe potable water and sustained food security:** Potable 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.
24. 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.
25. 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 piped water system. The rehabilitation and laying of new piping system is currently ongoing in phases with the support of the Water and Sanitation Development Project (WSDP) by the World Bank, as it is a capital-intensive project.

26. **Roads:** Roads are the most important infrastructure in the country. Overtime, the Government has pursued ambitious projects that have doubled the number of paved roads. This has been achieved by adopting the Low Volume Sealed Roads (LVSR) programme resulting in 6,000 kilometers completed with another 3,800 kilometers under construction. The adoption of the LVSR standard has reduced cost of paving low traffic roads substantially.
27. However, the need for roads remains immense as one third of classified roads need either reconstruction or rehabilitation. Over the medium term, the Government will continue to invest in road infrastructure by completing all roads under construction. The Government will also prioritize upgrading and maintaining rural access roads as well as improve road infrastructure in urban informal settlement and critical national and regional trunk roads that have the highest immediate economic impact.
28. **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.
29. In infrastructure development, the main interventions continue to be improvement of access roads, drainage, non-motorized transport, beautification and aesthesis of the County. To empower the SMES the county will continue to improve and set up trading infrastructure within the county.
30. **Electricity:** Electricity is a vital economic and social good critical for production of consumer goods and provision of essential services such as health and security. While generation capacity and total electricity connections have increased considerably in the recent years, electricity in the country remains expensive and unreliable. One of the key contributors to both the cost and quality of power is the aging transmission and distribution network. The investment required to upgrade the network is considerable, more so in the difficult financial situation that the country is in.
31. To improve reliability and bring down the cost of power, the Government will:
- Mobilize the resources needed to revamp the transmission and distribution network and accelerate geothermal resources development;
 - Develop Liquefied Natural Gas (LNG) storage facility in Mombasa, with a view to phasing out heavy fuel oil (HFO) from the power generation portfolio. This will also contribute to meeting Kenya’s emission reduction commitments; and

- Enforce transparency and public accountability of the electricity sector requiring the Energy & Petroleum Regulatory Authority (EPRA) to publish quarterly system, financial and operational performance reports.
32. Further, the County Government will invest in initiatives to harness renewable energy sources and directing their utilization for households, manufacturing, production so as to boost our energy sources.
33. **Petroleum and E-mobility:** Petroleum is the largest import in terms of volume and price in the country, and will remain an important component for several decades. Price volatility in this commodity is a challenge for consumers and economic stability. In particular, the recent fuel price escalation as a result of global price shock has severely affected Kenyans with significant fiscal implications. In order to stabilize consumer prices against unpredictable swings in global oil prices, the Government will set up a legal framework to ring-fence the Fuel Stabilization Fund.
34. The National Government will also roll out electric vehicle (EV) charging infrastructure in all urban areas and along the highways and create incentives for adoption of electric mass transit systems in all cities and towns; provide financial and tax incentives for public service vehicles and commercial transporters to convert to electric vehicles; leverage the financial support that will be provided to the bodaboda sector through the Hustler Fund, to develop the nascent electrical vehicle (EV) and motorcycle assembly industry. Accelerating transition to electric vehicles is a win-win proposition in terms of contributing to Kenya's emission reduction commitment, cheaper transport, and leveraging on the large local and regional motorcycle market to build an electric vehicle industry.
35. **Manufacturing Sector:** The manufacturing sector has been declining as a percent of GDP in the recent years. To improve productivity in the sector, the Government has adopted a value chain approach through the Bottom-Up initiative that will address the bottlenecks that impede the growth of manufacturing sector and enhance the country's competitiveness. The value chain adopted enables analysis of the economy on a competitiveness angle and to address the bottlenecks that impede the growth of the manufacturing sector in a deliberate manner.
36. On light manufacturing and industries development there are plans on reviving local industries and development of new industries through harnessing new skills and technology for growth in the County.
37. **County's Contribution to the Growth of National GDP through manufacturing:** The county Government will continue to support job creation by encouraging manufacturing industries to set up shop within the county through the improvement of the existing infrastructure and setting up of special economic zones. The County will additionally work with industry players

to support innovation across the entire value chain – whether in buying new solutions, building their own, or partnering with others to innovate.

38. On the blue economy, the County is committed to revamp the blue economy and our strategic location in the coastline creates thousands of marine related opportunities and jobs hence support efforts to realize food and nutrition security in addition to enhancing environmental sustainability.

39. **Building and Construction Materials:** Building products are currently one of Kenya’s leading manufactured exports to neighbouring countries. To support building and construction value chains, the County Government will work collaborate with the National Government to:

- Initiate the establishment of industrial park for construction materials;
- Enhance manufacture of construction materials (clinker, cement, cabros, prefabs) locally;
- Complete the modernization of kiln and installation of new moulds for cabros and prefabs;
- Promote use of Jua Kali products (mass fittings);
- Promote local production of electrical & electronics fittings, cables and products;
- Strengthen capacity of Jua Kali MSMEs to produce high quality products for construction through skills development, access to technology and certification;
- Enhance testing of construction materials, accreditation of inspections for ongoing construction, use of professional personnel registered by accredited CABs;
- Promote use of alternative building materials for construction (soil, plants); and
- Ring fence certain components of the low-cost housing project for MSMEs.

40. **Garments and Textiles:** Garments and textiles exports is Kenya’s third largest component at Ksh 60 billion and employing 50,000 people. The sector is however confronted by numerous challenges including high cost of labour and low agricultural productivity that hampers the competitiveness of Kenya’s garment export. In order to support locally manufactured textiles, the County Government will collaborate with the National Government to:

- Promote modernization of cotton ginneries, textiles mills and attraction of new investments in integrated textile mills and cotton ginneries;
- Attract investment in manufacture of garments & apparels;
- Capacity building on fashion and design of clothing & textiles products; and
- Promote linkage of MSMEs (tailors) with schools, institutions to provide a market for uniforms.

- Establish a tannery in the County
- Promote leather products
- Promote Akamba handicraft

41. 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.

42. **Dairy Products:** Dairy and livestock economy are sub-sectors with the quickest economic turnaround time and they will become key drivers in improving food security, creating jobs and boosting exports. However, dairy farmers in Kenya struggle with the high cost of feed and challenges of storage, preservation of milk and access to markets. To support value chains under the dairy sub-sector, the Government will:

- Establish cottage industries for animal feeds, in particular, promote animal feeds production;
- Customize, modernize and equip CIDCs and link with TVETs to promote value addition of animal feeds;
- Supply and installation of dairy mechanization and value addition equipment including: bulk milk coolers; liquid nitrogen plants; embryo transfer facility; milking parlor; lab equipment; and feeds equipment; and Modernize new KCC plants; fabricate dairy products machinery and equipment; and promote investment in the cold chains and cooling plants
- Operationalization of Livestock Improvement and vaccination programmes

43. **Edible and Crop Oils:** Edible oils, primarily palm oil, is Kenya's second largest import after petroleum, on which the country is spending approximately Ksh 60 billion a year before the recent price surge, which pushed the import bill to over Ksh 90 billion. As part of its economic turnaround plan, the Government targets to increase domestic oil crops production from 5 percent to 25 percent thereby reducing importation of edible oil raw materials. Towards this end, the Government will attract investment to support oil cottage industries; provision of CMFs and processing machinery for small industries; and expand processing capacity of existing industries.

44. The County Government will invest in;

- Formation of cooperatives for simsim traders
- Traditional factories/ plants extracting, packing and selling simsim oil
- Value Addition in Fish Oil

45. **Tea Sub-sector:** Tea sub-sector provides livelihoods to millions of Kenyans. Despite its contribution to foreign exchange earnings, the returns to farmers have been declining due to low productivity, high input costs, low levels of value addition and weak regulatory and institutional framework. To enhance productivity and improve competitiveness of the sub-sector, the Government will undertake the following interventions:

- Provision of processing equipment to tea cooperatives;
- Establishment of tea value addition hub and promote investments into the hub;
- Export market development and export promotion including market diversification, legal and regulatory reform; and
- Provision of fiscal incentive; and establishment of warehouse for value added tea in key development markets
- Establishment of Tea blending and packaging facility

46. **Blue Economy:** Sustainable use of ocean and blue economy resources remains a key socio-economic development priority for the Government as a means to end hunger, reduce poverty, create jobs and spur economic growth. The Government will review the National Blue Economy Strategy to strengthen community structures in participatory management of freshwater, coastal and marine resources and ecosystems. The strategy is expected to contribute to socio-economic development through food and nutrition security, coastal and rural development and income increases along the aquaculture value chains, maritime transport and tourism.

47. **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. To fully exploit the blue economy the County Government will initiate programmes aimed at;

- Assisting BMUs in training, distribution of fishing gears & forming cooperatives;
- Improvement of landing sites; setting up of cold storage facilities; social amenities, bay areas
- Establishment of Cold storage facilities
- Agricultural mechanization and climate smart techniques in farming
- Promotion of deep-sea fishing
- Establishment of fish Markets within the landing sites
- Setting up of Fish processing plant

- Promotion of Sea weed farming
- Promotion of Marine Tourism
- Zoning of tourist sites
- Preservation and restoration of tourist sites
- Sports fishing promotion

48. **The Services Economy:** On Financial Services, Kenya is a global leader in financial innovation with access to formal financial services standing at 83.7 percent in 2021 largely attributed to the progress made by Kenya to expand financial access through various channels including mobile money financial platforms. The Government is currently implementing the MSMEs Credit Guarantee Scheme (CGS) to promote enterprise development through access to quality and affordable credit to MSMEs. Despite the recent improvements in the Credit Information Sharing (CIS) framework, some concerns persist about its use. This relates largely to the use of adverse credit reports issued by credit Reference Bureaus, which are used to deny borrowers credit ('blacklisting').

49. Additionally, on financial services the County Government will:

- Establish the Mombasa International Financial Center
- Operationalize and strengthen the Mombasa Investment Corporation
- Develop a strategy for investments promotion to grow the county economy
- Develop revenue collection systems that will increase efficiency
- Develop innovative and effective sources of finance (including Public Private Partnerships) to fund urban development and the provision of services.

50. **Tourism Sector:** Tourism is a historically important sector for the economy, in terms of foreign exchange earnings and job creation. To support the sector, the Government will focus on a bottom up job-creating tourism industry by:

- Nurturing a tourism ecosystem that supports independent travel particularly for young people, including quality and secure budget hotels and bed and breakfast facilities, affordable budget air travel to all parts of the country and safe road travel;
- Diversify Kenya's tourism by promoting niche market products, notably adventure, sport and cultural tourism;
- Diversify source markets to include African markets.

51. 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%). 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).

52. **Aviation Sector:** Aviation is a strategic industry for the economy. It is vital for the tourism industry, exports of fresh produce and maintenance of Kenya's position as a regional hub. The Kenya Airways had demonstrated that Kenya could become a global aviation hub. To support the aviation industry, the Government will develop a turnaround strategy for Kenya Airways. A critical plank of this strategy will be a financing plan that does not depend on operational support from the exchequer beyond December 2023.

53. The County intends to capitalize on the open to sky policy so as to increase air traffic within the county ultimately boosting the tourism sector as well as the other sectors.

54. **Environment and Climate Change:** Environmental conservation and response to the impacts of climate change are at the centre of the Government's socio-economic transformation agenda. Provision of a cleaner and safer environment is consistent with the Constitutional obligations and will cement the country's position as a global leader in environmental protection and sustainable development. To actualize this, the Government will continue to mainstream issues of environment conservation, climate change mitigation and adaptation, halt and reversal of deforestation, biodiversity loss and land degradation, in all Government programmes and across all levels of Government.

55. In order to deliver locally-led climate resilience actions and strengthen National and County Governments' capacity to manage climate risks, the Government in collaboration with Development Partners developed an innovative Financing Locally-led climate Action (FLLoCA) Program. The Program is designed to encourage cross-agency collaboration and vertical linkages from community level up to national level in addressing climate change. The programme is supporting counties to put in place participative climate change policy and legislative frameworks in order to be able to access pooled finance to support implementation of locally-led climate actions.

56. On Climate Change the County Endeavors to;

- Commercialization of tree growing to attain 10 per cent tree cover.
- Identify and set aside appropriate land for disposal of solid waste
- Establish innovative practices in waste reduction, reuse, recycling, treatment and disposal to reduce disposable materials
- Promote urban regeneration programs to increase gentrification of informal settlements to improve sewer services;

- Maintain existing neighborhood sewerage and drainage infrastructure while developing new infrastructure in support of high growth sectors in urban centers;
- Implement an EcoLoo program of biodigester public toilets to ensure adequate community based sanitary facilities in informal settlement
- Formalize landholding in urban and city informal settlements to manage approved development to avoid damaging drainage

1.4: County Priority areas

57. The fiscal framework for the financial year 2023/24 entails a deliberate effort to continue exercising prudence in public expenditure management with the principal goal of containing fiscal risks, gradually lowering the fiscal deficit, and adopting austerity measures to deter increase of recurrent expenditures in favor of productive capital spending.

58. 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 2023. To achieve this, the Government endeavors to prioritize expenditure in the following sectors.

- Revamping of quality and affordable health services
- Youth Empowerment, Cohesion and Inclusivity
- Education and Training
- Streamlined waste management services
- Investment Promotion

59. Revamping of quality and affordable health services

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. The County Government has the following priority interventions;

- Ensure increased uptake of NHIF to reduce out of pocket spending
- Resource the devolved healthcare infrastructure at sub-county level so that there is adequate healthcare staff, medication and equipment to serve the needs of the people
- Acquire a second cancer treatment machine
- Recruitment, continuous and progressive training for healthcare workers and promotions
- Cushion the elderly people in Mombasa
- Ensure Universal Health Care for all citizens

- Create a County Revolving Youth and Women Fund
- Operationalize the Mombasa County Community Health Service Bill,2023
- Provide disaster relief services
- Establish County Gender Based Violence and Child Protective Centers
- School Sanitary Program for girls
- Widen the Reach of the Second Chance Program- designed to support vulnerable women who have dropped out of formal education as a result of early pregnancy to resume their studies

60. Youth Empowerment, Cohesion and Inclusivity

In Mombasa, the largest trading hub in East Africa, the rate of youth unemployment still remains high at 44%. Roughly, 4 out of 10 of our young people are jobless. The County Government shall seek to create systems for vibrant economic growth and development in the County by placing special focus on creating opportunities for informal self – employed residents working as hairdressers, jua kali workers, mama mboga as well as our young people working as waiters, artists, creatives, tuk tuk drivers, boda boda operators among others.

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.

On Youth Empowerment and Development Agenda the County will;

- Create a job placement database to provide companies with local talent working with the Ease of Business Directorate
- Implement the air lifting program for youth to expand job creation
- Engage the Youth in social projects through the “Mombasa Yangu” initiative.
- Initiate youth programs in the department (clubs 4K Club for agriculture and co-operatives
- Constructing show rooms for courses such as carpentry, welding, leather, tailoring, and embroidery works and support youth enrolment into these institutions.
- Training of the youth and rehabilitate youth resource centers; equipping them with skills to match the industry/ practice
- Create a County Revolving Youth and Women Fund
- Setting up innovation funds, challenge funds for young people to test new ideas among the youths.

- Establish Gender- based violence and youth friendly wellness centers in Centers of Excellence
- Implementation of the 30% government procurement rule, to give youth opportunity to do business with government.

61. Education and Training

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. 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 while ensuring the learners are well nurtured through implementing a school feeding program. In addition, the County Government continues to issue bursaries for vocational training sponsorship to School leavers, dropouts and the youth in general. The following are some of the proposed interventions;

- Run a comprehensive and transparent Bursary Program
- Institute a School Feeding Program at ECD Centers
- Revive Village Polytechnics
- Promote decent jobs through training on entrepreneurship
- Recruit and train adequate early childhood education and vocational polytechnic personnel
- Invest in the development of appropriate infrastructure at Serikali Mtaani level
- Promote public participation to build awareness on the importance of early childhood education as foundational in the trajectory of young people's lives

62. Streamlined 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.

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. The following are some of the initiatives that the County will undertake in this sector;

- Commercialization of tree growing to attain 10 per cent tree cover
- Identify and set aside appropriate land for disposal of solid waste
- Establish innovative practices in waste reduction, reuse, recycling, treatment and disposal to reduce disposable materials
- Promote urban regeneration programs to increase gentrification of informal settlements to improve sewer services;
- Maintain existing neighborhood sewerage and drainage infrastructure while developing new one infrastructure in support of high growth sectors in urban centers;
- Implement an EcoLoo program of bio digester public toilets to ensure adequate community based sanitary facilities in informal settlement
- Formalize landholding in urban and city informal settlements to manage approved development to avoid damaging drainage

63. Investment Promotion

The County will promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. Mombasa is a key driver of the entire country's economic growth. We are among the top contributors to the national GDP in terms of transport and logistics, manufacturing, industry and services associated with being the regional tourist hub in addition to the employment that was created through the port. Through concentration, Mombasa as an urban area provides the economies of scale and scope that reduce production and transaction costs, thus making the provision of basic infrastructure services and other amenities, more economically viable. About 70% of all employment is drawn from the informal sector. Over the last decade, the County has experienced major challenges especially due to global trends which has led to the closure of industries, the transfer of clearing and forwarding services inland and the decline of the tourism sector. This has led to widespread job losses, subsequently leading to a decline in the quality of life to the citizens within the county. In order to revive the economy to an upward trajectory the County Government envisions to explore the following interventions;

- Establish the Mombasa International Financial Center
- Revamp and operationalize the Mombasa Investment Corporation
- Develop a strategy for investments promotion to grow the county economy
- Develop revenue collection systems that will increase efficiency
- Develop innovative and effective sources of finance (including Public Private Partnerships) to fund urban development and the provision of services.
- Establish business incubation centers
- Facilitation of shadowing and apprenticeship opportunities both in public and private sectors.
- Setting up innovation funds, challenge funds for young people to test new ideas among the youths.
- Develop, facilitate, and implement business incubation and accelerator programmes / information centers for start-ups, early and growth stage businesses.
- Host annual business competition and exhibition forums to foster business innovation and linkage to investment opportunities.
- Support the manufacturing sector through provision of a conducive work environment.

64. The actualization of the key priority areas will complement the BETA Agenda and the Governor’s Manifesto which 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 Citizen is guaranteed of affordable and decent quality of life.

CHAPTER TWO

2.0 RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK

2.1: Overview

65. The Kenyan economy continued to expand in 2022, albeit at a slower pace than the 7.5 percent recorded in 2021. Real GDP is expected to have grown by 5.5 percent in 2022 supported by the services sector despite subdued performance in agriculture and weaker global growth. The economy is projected to rebound to 6.1 percent in 2023, reinforced by the Government's Bottom – Up Economic Transformation Agenda geared towards economic turnaround and inclusive growth.
66. The coordination between monetary and fiscal policies continued to support macroeconomic stability with interest rates remaining relatively stable. Year-on year overall inflation rate declined for the third consecutive month in January 2023. Inflation rate eased to 9.0 percent in January 2023 from 9.1 percent in December 2022 and 9.5 percent in November 2022 due to a decline in food prices following the favourable rains and declining international prices of edible oils. However, this inflation rate was higher than the 5.4 percent recorded in January 2022.
67. The external sector has remained stable despite the tight global financial conditions attributed to strengthening of US Dollar and uncertainties regarding the ongoing Russian-Ukraine conflict. Due to the strong dollar, the exchange rate to the Kenya shilling, like all world currencies, has weakened but strengthened against other major international currencies. The current account deficit was generally stable at 5.2 percent of GDP in the 12 months to November 2022 compared to 5.4 percent of GDP in November 2021 on account of improved receipts from service exports and resilient remittances. The official foreign exchange reserves at 4.2 months of import cover in November 2022 continues to provide adequate buffer against short term shocks in the foreign exchange market.
68. The fiscal policy continues to pursue growth friendly fiscal consolidation to preserve debt sustainability. This will be achieved through enhancing revenue collection and curtailing non-core expenditures while prioritizing high impact social and investment expenditure. As such, fiscal deficit is projected to decline from 5.7 percent of GDP in FY 2022/23 to 4.4 percent of GDP in FY 2023/24.

2.2: Recent Economic Development and Outlook

Global and Regional Economic Developments

69. Global economic outlook has become more uncertain - reflecting the impact of the ongoing Russia-Ukraine conflict, elevated global inflation, lingering effects of COVID-19 pandemic, and persistent supply chain disruptions. Global growth is projected to slow down to 2.9 percent in 2023 from the estimated at 3.4 percent in 2022 mainly driven by sluggish growth in advanced economies. The advanced economies are projected to decline from the estimated 2.7 percent in 2022 to 1.2 percent in 2023 reflecting slowdown in the growth in the USA, Euro Area and United Kingdom.
70. Growth in the emerging markets and developing economies is projected to rise modestly to 4.0 percent in 2023 from an estimated 3.9 percent in 2022 mainly driven by recovery of activities in China with the full reopening in 2023. China economy is projected to improve to 5.2 percent from 3.0 percent in 2022 (Table 2.1). In the sub-Saharan Africa region, growth is projected to remain moderate at 3.8 percent in 2023. This outlook reflects Nigeria's rising growth in 2023 due to measures to address insecurity issues in the oil sector.

Table 1: Global Economic Growth, Percent

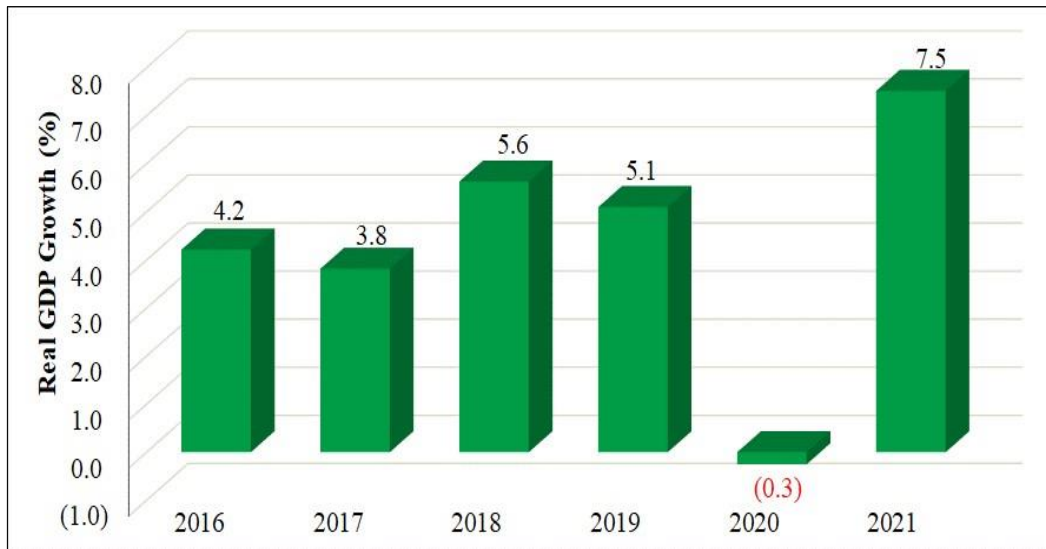
Economy	2020	2021	2022*	2023**
	Actual		Jan. WEO	Jan. WEO
World	(3.1)	6.2	3.4	2.9
Advanced Economies	(4.5)	5.4	2.7	1.2
Of which: USA	(3.4)	5.9	2.0	1.4
Euro Area	(6.1)	5.3	3.5	0.7
Emerging and Developing Economies	(2.0)	6.7	3.9	4.0
Of which: China	2.2	8.4	3.0	5.2
India	(6.6)	8.7	6.8	6.1
Sub-Saharan Africa	(1.6)	4.7	3.8	3.8
Of which: South Africa	(6.3)	4.9	2.6	1.2
Nigeria	(1.8)	3.6	3.0	3.2
EAC-5	0.9	6.6	4.7	5.4
Of which: Kenya***	(0.3)	7.5	5.5	6.1
<i>* Estimate ** Projected *** budget estimate</i>				
<i>EAC-5: Burundi, Kenya, Rwanda, Tanzania and Uganda</i>				

Source of Data: January 2023 WEO

Domestic Economic Developments

71. The Kenyan economy demonstrated remarkable resilience and recovery from COVID-19 shock due to the diversified nature of the economy and the proactive measures by the Government to support businesses. The economy expanded by 7.5 percent in 2021, a much stronger level from a contraction of 0.3 percent in 2020.

Figure 1: Annual Real GDP Growth Rates



Source of Data: Kenya National Bureau of Statistics, the National Treasury, 2023

72. The growth momentum continued in the first three quarters of 2022 averaging 5.5 percent despite subdued performance in agriculture and weaker global growth. The economy grew by 6.7 percent in the first quarter and 5.2 percent in the second quarter compared to a growth of 2.7 percent and 11.0 percent in similar quarters in 2021.
73. In the third quarter of 2022, the economy grew by 4.7 percent compared to a growth of 9.3 percent in the corresponding quarter of 2021. Most sectors posted slower growths owing to the significantly high growth rates recorded in the third quarter of 2021 that signified recovery from the impact of the COVID-19 pandemic. The growth in the third quarter of 2022 was mainly supported by the service sectors, particularly; Accommodation and Food Service activities, Wholesale and retail trade, Professional, Administrative and Support services, Education and Financial and Insurance activities. The growth was, however, slowed by declines in activities of the Agriculture, Forestry and Fishing, and Mining and Quarrying sectors.
74. The agriculture sector recorded a contraction of 0.6 percent in the third quarter of 2022 compared to a growth of 0.6 percent recorded in the corresponding quarter of 2021. The slowdown in performance of the sector was mainly attributed to unfavorable weather conditions that prevailed in first three quarters of 2022. The decline was reflected in vegetable exports and milk intake by processors. The sector's performance was cushioned from a steeper contraction by improved production in fruits, coffee and cane.
75. The performance of the industry sector slowed down to a growth of 3.4 percent in the third quarter of 2022 compared to a growth of 8.3 percent in the same period in 2021.

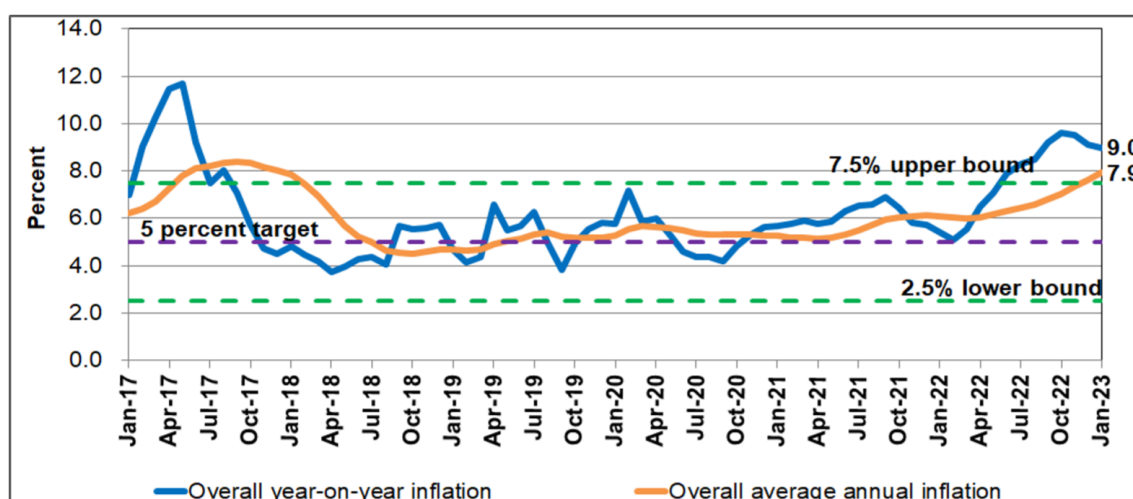
This was mainly on account of normalization of activities in the manufacturing sub-sector after the strong recovery in 2021. Manufacturing subsector expanded by 2.4 percent in the third quarter of 2022 compared to 10.2 percent growth recorded in the same period of 2021. The growth in the industry sector was supported by positive growths in Electricity and Water Supply subsector and construction sub-sector which grew by 4.7 percent and 4.3 percent, respectively.

76. The activities in the services sector normalized and remained strong in the third quarter of 2022 after a strong recovery in 2021 from the effects of COVID19 pandemic. The sector growth slowed down to 6.1 percent in the third quarter of 2022 compared to a growth of 11.4 percent in the third quarter of 2021. This performance was largely characterized by substantial growths in accommodation and food services, wholesale and retail trade, professional, administrative and support services and education sub-sectors.

Inflation Rate

77. The year-on-year inflation rate eased for the third consecutive month in January 2023 but was still above the 7.5 percent upper bound target. Inflation rate eased to 9.0 percent in January 2023 from 9.1 percent in December 2022 and 9.5 percent in November 2022 due to a decline in food prices as a result of favorable rains and lower global commodity prices particularly for edible oils and wheat with the easing of international supply chain disruptions. However, this inflation rate was higher than the 5.4 percent recorded in January 2022. Overall annual average inflation increased to 7.9 percent in January 2023 compared to the 6.1 percent recorded in January 2022.

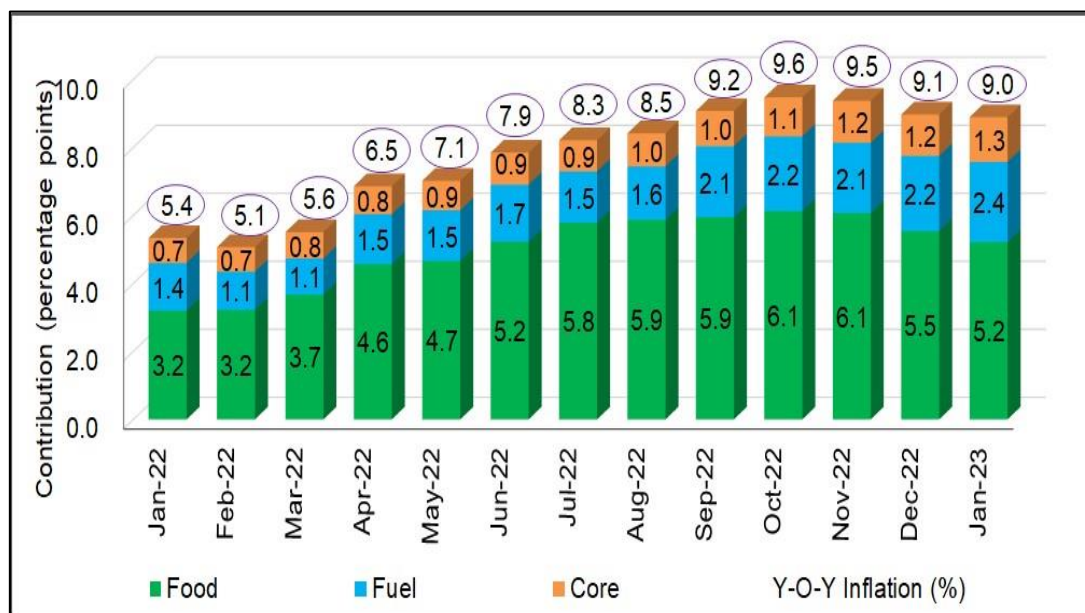
Figure 2: Inflation Rate, Percent



Source of Data: Kenya National Bureau of Statistics

78. Food inflation remained the main driver of overall year-on-year inflation in January 2023, contributing 5.2 percentage points, an increase, compared to a contribution of 3.2 percentage points in January 2022. The increase was mainly attributed to relatively higher prices key food items particularly cowpeas, maize grain (loose), beans, potatoes (Irish), green grams, and mangoes.
79. Fuel inflation also increased to contribute 2.4 percentage points to year-on year overall inflation in January 2023 from a contribution of 1.4 percentage points in January 2022. This was mainly driven by increases in electricity prices due to higher tariffs and increased prices of kerosene/paraffin, diesel and petrol on account of higher international oil prices and scaling down of the fuel subsidy.
80. The contribution of core (non-food non-fuel) inflation to year-on-year overall inflation has been low and stable, consistent with the muted demand pressures in the economy, supported by prudent monetary policy. The contribution of core inflation to overall inflation increased to 1.3 percentage points in January 2023 compared to 0.7 percentage point's contribution in January 2022.

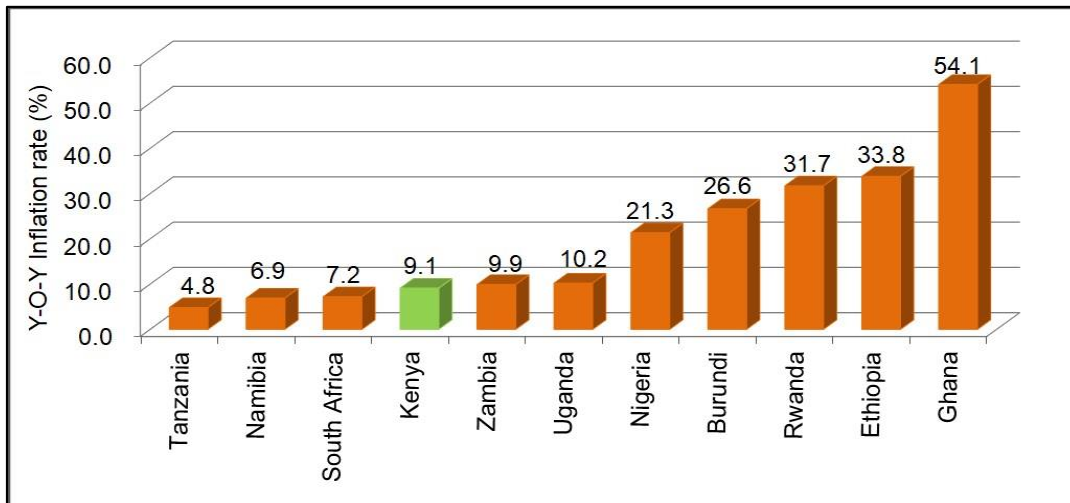
Figure 3: Contributions to Inflation, Percentage Points



Source of Data: Kenya National Bureau of Statistics

81. While inflation has been rising and remains high in most economies, Kenya's inflation rate at 9.1 percent in December 2022 is much lower than that of some countries in the Sub-Saharan African region that have double digits' inflation.

Figure 4: Inflation Rates in selected African Countries December, 2022

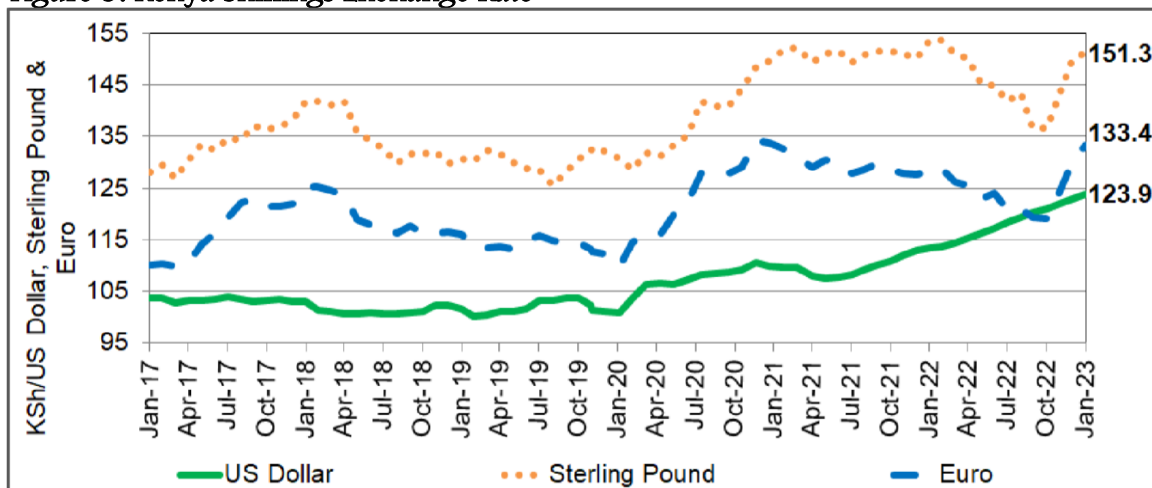


Source of Data: National Central Banks

Kenya Shilling Exchange Rate

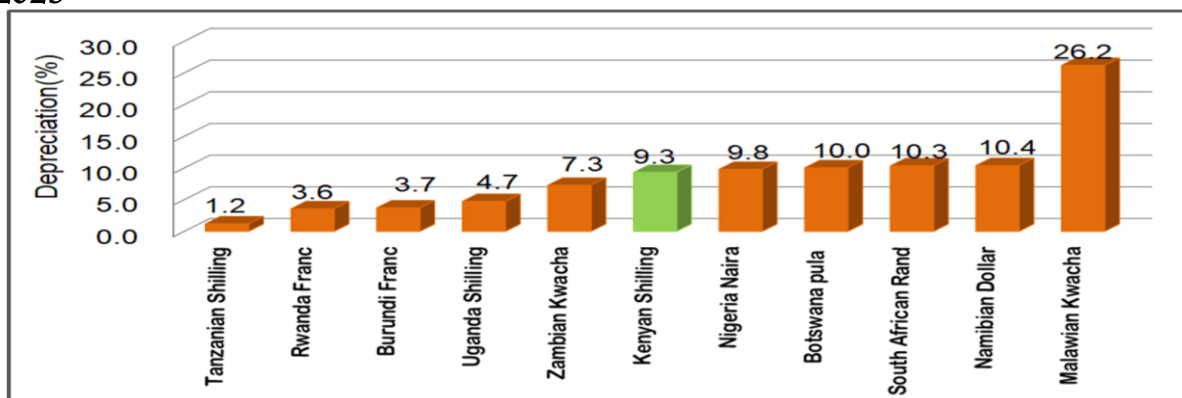
82. The foreign exchange market has largely remained stable despite the tight global financial conditions attributed to strengthening US Dollar and uncertainties regarding the ongoing Russian-Ukraine conflict. Due to the strong dollar, the exchange rate to the Kenya shilling like all world currencies has weakened to exchange at Ksh 123.9 in January 2023 compared to Ksh 113.4 in January 2022 (Figure 2.5). Against the Euro, the Kenya shilling also weakened to Ksh 133.4 from Ksh 128.4 over the same period. The Kenyan Shilling strengthened against the Sterling Pound exchange at Ksh 151.3 in January 2023 compared Ksh 153.6 in January 2022.

Figure 5: Kenya Shillings Exchange Rate



83. In comparison to Sub-Saharan Africa currencies, the depreciation of the Kenya Shilling exchange rate has remained relatively low at 9.3 percent against the US Dollar in January 2023 (Figure 6). The depreciation rate of the Kenya Shilling was lower than that of Botswana pula, South African Rand, Namibian Dollar and Malawi Kwacha. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and improved exports receipts.

Figure 6: Performance of Selected Currencies against the US Dollar (January 2022 to January 2023)



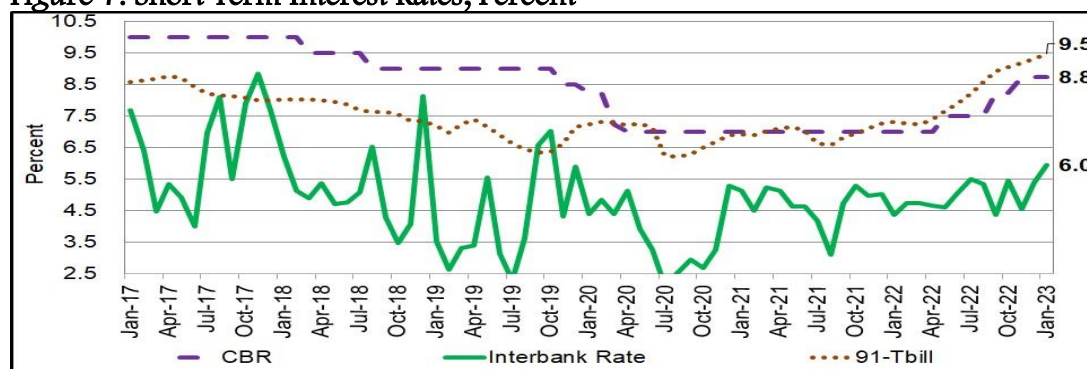
Source of Data: National Central Banks

Interest Rates

84. Monetary policy stance remains tight to anchor inflation expectations due to the sustained inflationary pressures, the elevated global risks and their potential impact on the domestic economy. In this regard, the Central Bank Rate was raised from 8.25 percent to 8.75 percent in November 2022 and retained at the same rate on 30th January 2023. (Figure 7).

85. The interbank rate increased to 6.0 percent in January 2023 compared to 4.4 percent in January 2022 while the 91-day Treasury Bills rate also increased to 9.5 percent compared to 7.3 percent over the same period due to tight liquidity conditions.

Figure 7: Short Term Interest Rates, Percent



Source of Data: Central Bank of Kenya

2.3: Fiscal Performance

86. Nationally the budget execution in the first half of FY 2022/23 progressed well. Revenues continued to record positive growth albeit below targets performance. Revenue performance is expected to pick up in the second half of FY 2022/23 to reflect improvement in business environment, tax policy measures and enhanced revenue administration by the Kenya Revenue Authority.
87. Overall expenditures were above programmes target underpinned by increased expenditure commitments on account of shortfalls recorded in revenue performance and inadequate liquidity in the Government securities market. However, ministerial development expenditure targets were not fully met partly due to low absorption of foreign and domestic financed projects. Disbursement to the counties was also short of the target for the period to December 2022.
88. The 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.
89. 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.

Revenue Performance

90. In the first half of the current financial year 2022/2023, as at 30th December 2022 the actual revenue attained was Ksh 4,524,310,031 which is 33 % of the total estimated budget of Ksh 13,700,000,000. The National Government transfers was Ksh 3,122,685,167 and local revenue of Ksh 1,401,624,864.
91. Comparatively the same period in the 2021/2022 FY the actual revenue attained was Ksh 3,418,679,107 which was 24 % of the total estimated budget of Ksh 14,000,000,000. The National Government transfers was Ksh 2,329,123,500 and local revenue of Ksh 1,079,839,414.
92. In the 2021/2022 FY, the County realized Kshs 3,619,632,553 being 72 percent of the budgeted local revenue of Kshs. 5,053,697,145. The total revenue collected was Kshs 11,312,566,142 being 81 percent of the total budgeted revenue of Kshs. 14,000,000,000 of which Kshs 7,427,273,268 was exchequer issues and Kshs 465,307,533 transfers from other National Government entities including budgeted grants and donor funding. Equitable National share amounted to Kshs 6,961,965,735 which was 92 percent of the County allocation.

93. The County received Donor Funding from DANIDA of Kshs. 41,990,166, Road Maintenance Levy Grant of Kshs. 221,681,742, Kenya Devolution Support Program Level II of Kshs. 156, 635,628 as well as Kenya Devolution Support Program Level I of Ksh 45,000,000.

Expenditure Performance

94. Total expenditure amounted to Ksh 9,620,434,315 against a target of Ksh 14,000,000,000 representing an under spending of Ksh 4,379,565,685 (or 31 percent deviation from the revised budget). The shortfall was attributed to lower absorption in both recurrent and development expenditures due to unrealized own source revenues.

95. The County has registered an immense dip in budget implementation since the onset of devolution at 69 percent which is a 31 percent decrease from the previous financial year's budget implementation.

96. Recurrent expenditure was 83% amounting 8.4 billion which comprised of personnel emoluments, operations and maintenance.

97. Development expenditure was Ksh 1.2 Billion compared to a target of Ksh 3.9 Billion. This represented an under-spending of approximately Ksh 2.7 Billion (or 68 percent deviation from the approved development expenditure). The underperformance in development expenditure was majorly contributed by lack of unrealized local revenue 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.

98. In arriving at the revenues and expenditures above, the cash basis was used and therefore uncollected revenues and pending bills were excluded.

2.4: Fiscal Policy

99. Reflecting the above performance in revenue and expenditure, the County had a deficit in its budget with an absorption rate of 69 percent of the overall budget. There was an overall fiscal balance of approximately Kshs. 4.4 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.

100. The County had a fiscal deficit of Kshs. 4.4 Billion to finance which was attributed to unrealized revenue.

101. 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 2022/23;

102. 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 CFSP 2023.
103. While we expect the economy to remain resilient, our projections remain cautious. We expect Revenue growth to be 10 percent in 2022/23; representing a steady 10 percent revision upwards from the 10 percent projected in the CFSP 2022.
104. To achieve this target, the Government will reprioritize in recurrent spending to only the basic necessities and double its effort in domestic resource mobilization.
105. The under-spending in both recurrent and development budget for the FY 2021/22 additionally has implications on the base used to project expenditures in the FY 2023/24 and the medium term. Appropriate revisions have been undertaken in the context of this CFSP, taking into account the budget outturn for the FY 2022/23. The County Treasury will work closely with the implementing Departments to fast-track absorption.
106. 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.
107. 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.
108. 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.

Fiscal Performance and Emerging Challenges 2022/2023

109. The Mombasa County Assembly approved the Budget 2022/2023 with expenditure amounting to Ksh. 13,700,000,000 comprising of recurrent expenditure of Ksh. 9,300,000,000, and development expenditure of Ksh. 4,700,000,000. This budget was to be financed by Ksh. 4,814,500,985, from local revenue sources and total exchequer issues of Ksh. 8,885,499,015, including Ksh. 7,567,354,061, 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. 14,874,100, World Bank - Kenya Informal Settlement Improvement Project (KISIP II), Ksh. 219,423,444, Agriculture Sector Development Support Program II, Ksh. 8,847,410, Finance Locally - Led Climate Action Program (FLLOCA), Ksh. 125,000,000 and World Bank -Water and Sanitation Development Project of Ksh. 950,000,000.

110. Fiscal outcome for the first half of the financial year was at 33 percent which was attributed to shortfall of revenue amid rising expenditure pressures. Expenditure pressures relate to the rising wage bill with the current wage bill amounting to Ksh. 5.7 Billion which is 42 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 2023/2024 and in the midterm if the situation is not contained.
111. 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 2022

112. In the current financial as at 30th December 2022 the actual revenue collection attained in the half of the FY was Ksh 4,524,310,031 which is 33.0 % of the total estimated budget of Ksh 13,700,000,000. The National Government transfers was Ksh 3,122,685,167 and local revenue of Ksh 1,401,624,864. The expenditure for the said period amounted to Ksh 4,650,665,328. There was a balanced carried forward from the previous year of Ksh 451,365,923.

Table 2: Local Revenue realized within Five Financial Years

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

Source: County Treasury, 2023

Figure 8: Local Revenue Trend Analysis from Year 2017/2018 to 2021/2022



Table 3: Monthly Exchequer Issues Over Five Financial Year

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

Figure 9: Total Exchequer Issues Over Five Financial Years

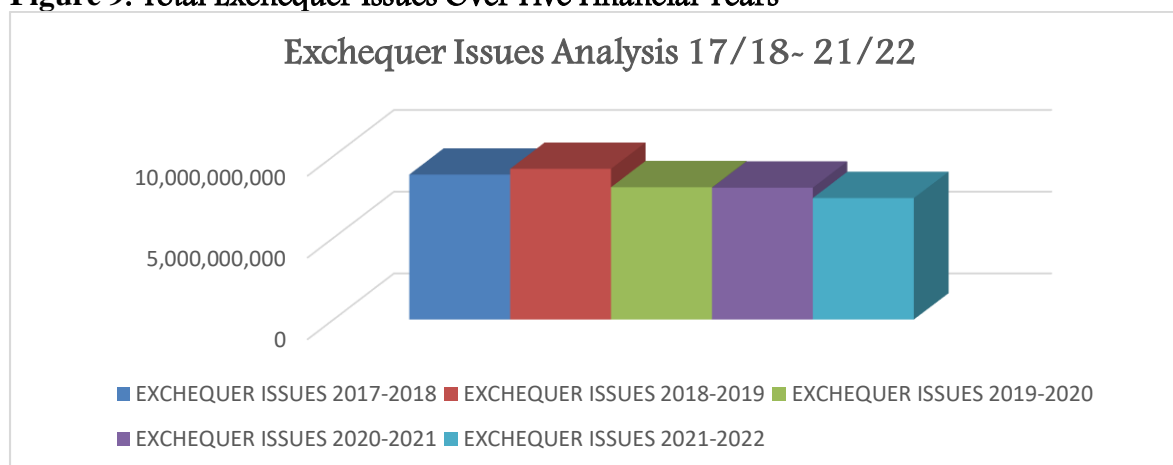


Table 4: Summary of Exchequer Issues Revenue Analysis FY-2021/2022

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

Development and Recurrent Expenditures First Half 2022/23 FY

113. The Expenditure for the first half in the 2022/2023 FY Recurrent expenditure amounted to Kshs. 4,576,730,186 which comprises of Kshs. 2,548,936,789 for compensation of employees, Kshs. 177,914,072 on use of goods and services, Kshs. 252,730,691 as transfers to other Government Entities, Kshs. 3,828,800 for other grants and transfer and Kshs. 1,563,347,835 on other recurrent payments and Kshs. 29,971,999 spent on Acquisition of Assets.

Table 5: Overview of the County's Receipts and Expenditures Performance as at 30th December 2022

1st Half 2022-2023	
RECEIPTS	Kshs.
Exchequer Releases	3,102,615,167
Other Revenues	39,420,923
Own Source Revenue (Local Revenue)	1,401,454,864
TOTAL RECEIPTS	4,543,490,954
PAYMENTS	Kshs.
Compensation of Employees	2,548,936,789
Use of goods and services	177,914,072
Transfer to Other Government Entities	252,730,691
Other grants and transfers	3,828,800
Acquisition of Assets	29,971,999
Other Payments	1,563,347,835
TOTAL PAYMENTS	4,576,730,186
SURPLUS/DEFICIT	(33,239,232)

Source: County Treasury, 2023

Table 6: First Half Departmental Total Expenditure FY 2022/2023

S/NO	DEPARTMENTS- TOTAL	Approved Budget FY 2022/2023	Total Expenditure 2022/2023	%age
3011	County Executive	385,000,000	32,793,383	8.5
3012	County Assembly	889,000,000	252,730,691	28.4
3013	Public Service Board	150,000,000	30,512,591	20.3
3014	Finance & Economic Planning	894,484,000	866,538,181	96.9
3015	Energy, Environment & Waste Management	1,045,000,000	199,303,114	19.1
3016	Education & Information Technology	927,516,000	132,817,729	14.3
3017	Health Services	3,404,000,000	2,309,795,473	68
3018	Water, Sanitation & Natural Resources	1,130,000,000	15,082,754	1.3
3019	Youth, Gender, Sports and Cultural Affairs	760,000,000	32,464,192	4.3
3020	Trade, Tourism & Investment	830,000,000	144,127,363	17.4
3021	Lands, Housing and Physical Planning	670,000,000	66,644,673	9.9
3022	Transport & Infrastructure	1,120,000,000	188,828,597	16.9
3023	Agriculture, Fisheries, Livestock and Co-operatives	485,000,000	61,414,367	12.7
3026	Devolution and Public Service Administration	1,010,000,000	317,612,219	31.4
	TOTAL	13,700,000,000	4,650,665,328	33.9

Table 7: Departmental Percentage Recurrent Expenditure FY 2022/2023

S/NO	DEPARTMENTS	Approved Budget FY 2022/2023	Total Expenditure 2022/2023	%age
3011	County Executive	360,000,000	32,793,383	10.8
3012	County Assembly	859,000,000	252,730,691	28.4
3013	Public Service Board	130,000,000	30,512,591	24.9
3014	Finance & Economic Planning	594,484,000	238,254,124	66.9
3015	Environment, Waste Management and Energy	615,000,000	199,303,114	27.9
3016	Education & Information Technology	627,516,000	132,817,729	22.2
3017	Health Services	3,255,000,000	2,309,795,473	71.8
3018	Water, Sanitation & Natural Resources	130,000,000	15,082,754	13.8
3019	Youth, Gender, Sports and Cultural Affairs	260,000,000	32,464,192	12.7
3020	Trade, Tourism & Investment	450,000,000	144,127,363	32.9
3021	Land, Planning, Housing and Urban Renewal	270,000,000	58,281,780	22.0
3022	Transport, Infrastructure & Public Works	594,000,000	167,219,491	29.4
3023	Agriculture, Fisheries, Livestock and Co-operatives	235,000,000	61,414,367	26.1
3026	Devolution & Public Service Administration	920,000,000	317,612,219	34.9
REC	TOTAL	9,300,000,000	3,739,678,581	46.2

Table 8: Departmental Development Expenditure Fy 2022/2023

S/NO	DEPARTMENTS	Approved Budget FY 2022/2023	Total Expenditure 2022/2023	%age
3011	County Executive	25,000,000	0	0.0
3012	County Assembly	30,000,000	0	0.0
3013	Public Service Board	20,000,000	0	0.0
3014	Finance & Economic Planning	300,000,000	628,284,057	116.7
3015	Energy, Environment & Waste Management	430,000,000	0	0.0
3016	Education & Information Technology	300,000,000	0	0.0
3017	Health Services	149,000,000	0	0.0
3018	Water, Sanitation & Natural Resources	1,000,000,000	0	0.0
3019	Youth, Gender, Sports and Cultural Affairs	500,000,000	0	0.0
3020	Trade, Tourism & Investment	380,000,000	0	0.0
3021	Lands, Housing and Physical Planning	400,000,000	8,362,893	0.0
3022	Transport, Infrastructure and Public Works	526,000,000	21,609,106	3.9
3023	Agriculture, Fisheries, Livestock and Co-operatives	250,000,000	0	0.0
3026	Devolution & Public Service Administration	90,000,000	0	0.0
	TOTAL	4,400,000,000	658,256,056	14.0

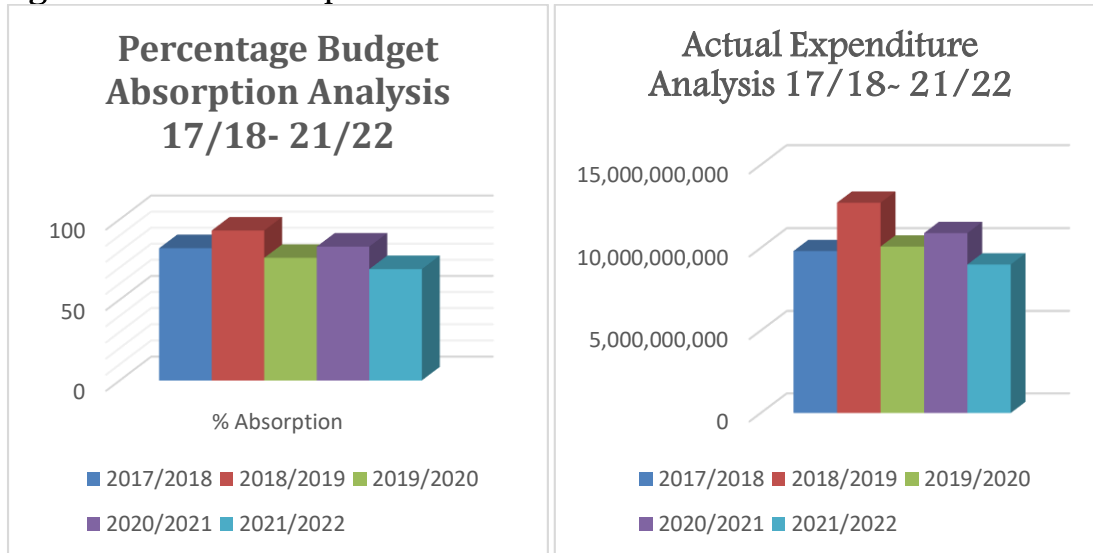
Table 9: Total Departmental Expenditure Fy 2021/2022

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

Table 10: GROWTH OF EXECUTIVE EXPENDITURE FROM 2017/2018~2021/2022

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

Figure 10: Growth of Expenditure from 2017/18-2021/22



2.5: Economic Outlook

114. The growth to the outlook will be reinforced by the Government’s development agenda geared towards economic turnaround and inclusive growth. Special focus will be placed on; increased employment, more equitable distribution of income, social security while also expanding the tax revenue base, and increased foreign exchange earnings. The economic turnaround programme will seek to increase investments in at least five sectors envisaged to have the biggest impact on the economy as well as on household welfare. These include: Agriculture; Micro, Small and Medium Enterprise (MSME); Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry.
115. In furtherance of the agenda on inclusive growth and innovation in Micro, Small, and Medium Enterprises (MSMEs), the Government has launched the Hustlers Fund, as an intervention to correct market failure problems at the bottom of the pyramid. This program aims to lift those at the bottom of the pyramid through structured products in personnel finance that includes savings, credit, insurance and investment. To address the adverse impact of the ongoing drought, the Government in partnership with the Development Partners and the private sector under the auspices of the National Steering Committee on Drought Response has provided response to affected persons, regions and communities. The Committee will work with both the National and County Governments in strengthening the national capacity for resilient recovery to protect development gains from recurrent drought.
116. 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.

117. 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 2023/24 by encouraging more private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.
118. The growth of the outlook for the calendar year 2023 and the FY 2023/24 and the medium term, will be supported by the stable macroeconomic environment, ongoing investments in strategic priorities of the County Government under the Vision 2035 to compliment the “BETA” 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.
119. With respect to revenue, the CG will maintain a strong revenue effort at 10 percent of Revenue Growth over the medium term. Measures to achieve this effort include upgrading of the county revenue automated systems, interdepartmental concerted efforts towards revenue collection, implementation of the finance act 2023 with a rejuvenated enforcement mechanism. In addition, the CG will rationalize existing fees and charges incentives, expand the income base and remove exemptions as envisaged in the Constitution.
120. 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.
121. The county will continue redirecting expenditure towards those priority programmes as identified in public consultative forums. The critical social programmes to be implemented are expected to accelerate economic activities and socio-economic welfare.

2.6: Risks to the Economic Outlook

122. The risk to the outlook for Mombasa County 2023/2024 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”.
123. 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.
124. 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.
125. The upside risk to the domestic economy relate to faster than projected rebound in economic activities that would result in higher Government revenues providing fiscal space that would support fiscal consolidation. The Kenyan Government continues to monitor the domestic and external environment and will take appropriate policy measures to safeguard the economy against the adverse effects of the risks if they were to materialize.
126. 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.
127. 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.
128. The County will embark on the implementation of the Governor’s manifesto incorporating the BETA agenda so as to complement the National Government’s Economic Transformation agenda which has been bearish.
129. 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.
130. The high wage bill continues to be a major challenge in the implementation of the budget. Currently in the 2023/24 financial year the personnel emoluments stand at 43% of the overall county budget which is 8% above the statutory requirement of 35%. The

recruitment of key essential staff and the frequent salary increment for various cadres of staff continues to increase the already bloated wage bill. The various collective bargaining agreements (CBAs) to increase salaries and benefits of various officers also continues to threaten the already ballooned wage bill.

131. The unfavorable parameters used to allocate equitable to the county continues to be a major risk coupled with the delay in disbursement of funds by the national government especially in the fourth quarter and continues to be a challenge as this leads to delay in execution of planned activities of the County thus compromising service delivery.
132. 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.
133. The fiscal framework for the financial year 2023/24 will entail a deliberate effort to continue exercising prudence in public expenditure management with the principal goal of containing fiscal risks, gradually lowering the fiscal deficit, and adopting austerity measures to deter increase of recurrent expenditures in favor of productive capital spending. To achieve this, the Government endeavors to prioritize expenditure in the social sectors with the overall objective of this is being to realize sustainable, shared and equitable growth that would in return lead to accelerated job creation and improved standards of living and quality of life for the citizenry.
134. The CG recognizes that further stringent measures need to be put in place to ensure scaling up of revenue collection and mobilization of resources and more efficient production structure towards the implementation of the third generation CIDP 2023-2027.
135. 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.

2.7: Sustaining Inclusive Growth

136. 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.
137. 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.

138. 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 2023-2027, the Governor's manifesto and all other policy plans.

2.8: Response to Overview of the County's Performance for FY 2023/2024

139. 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.

- **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.
- **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.
- **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.
- **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.
- **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.
- **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 2023 Medium-Term Fiscal Framework aims at stimulating the economic growth and development, reducing vulnerabilities, operating a balanced budget, ensuring effective delivery of services and supporting sustainable economic growth in the County. This policy underscores the need to prioritize crucial Recurrent Expenditure and undertake high impact Capital Expenditure in order to enhance economic growth. The 2023/24 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 2023-2027 and all other policy documents within a context of sustainable public financing. In the medium term, the County Government has reoriented expenditure towards priority programmes in Health, Youth Empowerment, Cohesion and Inclusivity, Education, waste management services and Investment Promotion under the medium-term expenditure framework (MTEF). This

process will be strengthened in the FY 2023/24 by encouraging aggressive private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.

142. The county will continue reorienting expenditure towards those priority social programmes. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development. The expected share of development funds of the total expenditure will be 30%. Recurrent expenditure takes huge chunk of the budget; this is largely attributed to the county wage bill totaling Ksh. 5,927,089,572 which is 43% of the total budget.

Table 11: County Government Fiscal Projections 2021/2022- 2023/24

Item	Actual 2021/2022	Budgeted 2022/2023	Projected 2023/2024
Revenue/Grants			
National Government – Equitable Share	6,961,965,735	7,567,354,061	7,861,523,820
DANIDA – Health care support services	41,990,166	14,874,100	-
World Bank KDSP Level II	201,635,625	-	-
Conditional Grant-Road Maintenance Fuel Levy	221,681,742	-	-
World Bank - Kenya Informal Settlement Improvement Project (KISIP II)	-	219,423,444	-
Agriculture Sector Development Support Program II	-	8,847,410	-
Finance Locally - Led Climate Action Program (FLOCA)	-	125,000,000	-
World Bank Development Project - WSDP	-	950,000,000	-
Conditional Grants (GOK)	-	-	110,638,298
Conditional allocations from loans and grants (Development Partners)	-	-	724,317,035
Total Loans and Grants	465,307,533	1,318,144,954	834,955,333
Total exchequer issues	7,427,273,268	8,885,499,015	8,696,479,153
Local revenue	3,619,632,553	4,814,500,985	5,003,520,847
Total Revenue	11,046,905,821	13,700,000,000	13,700,000,000
Expenditure			
Personnel Emoluments	5,211,798,278	5,775,843,725	4,895,893,533
Operations and Maintenance	3,192,291,589	3,574,156,275	3,740,610,956
Total Recurrent	8,404,089,867	9,350,000,000	8,636,504,489
Development	1,190,179,163	4,400,000,000	5,063,495,511
Total Expenditure	9,594,269,030	13,700,000,000	13,700,000,000

Source: County Treasury, 2023

Figure 11: County Government Fiscal Projections Actual 2021/2022- 2023/24 (In Millions of Shillings)

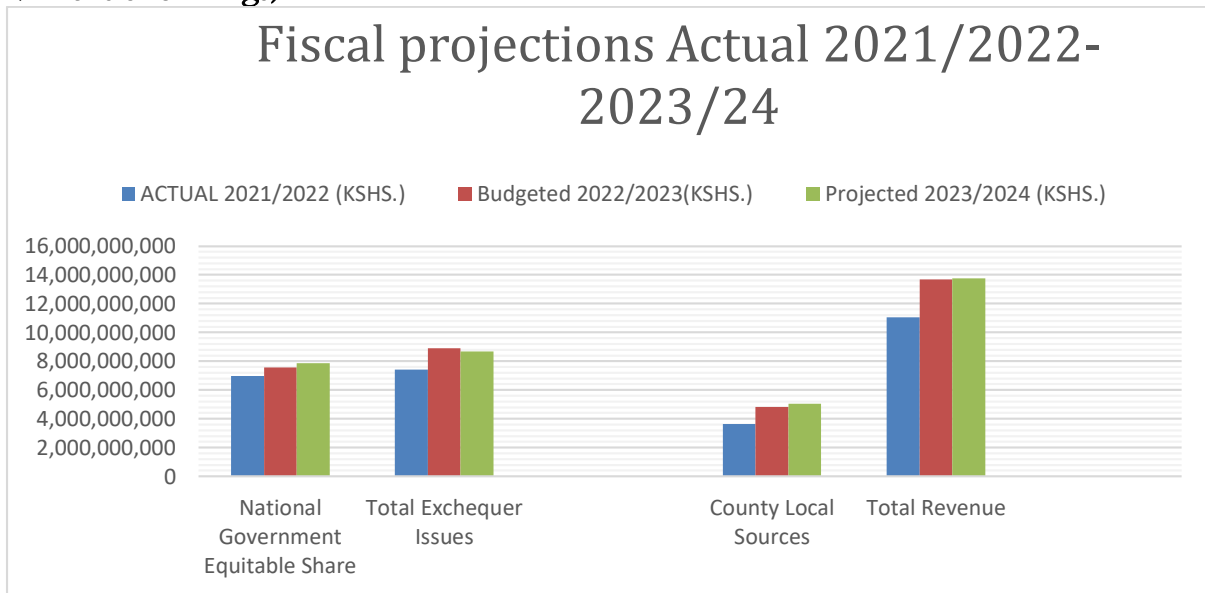
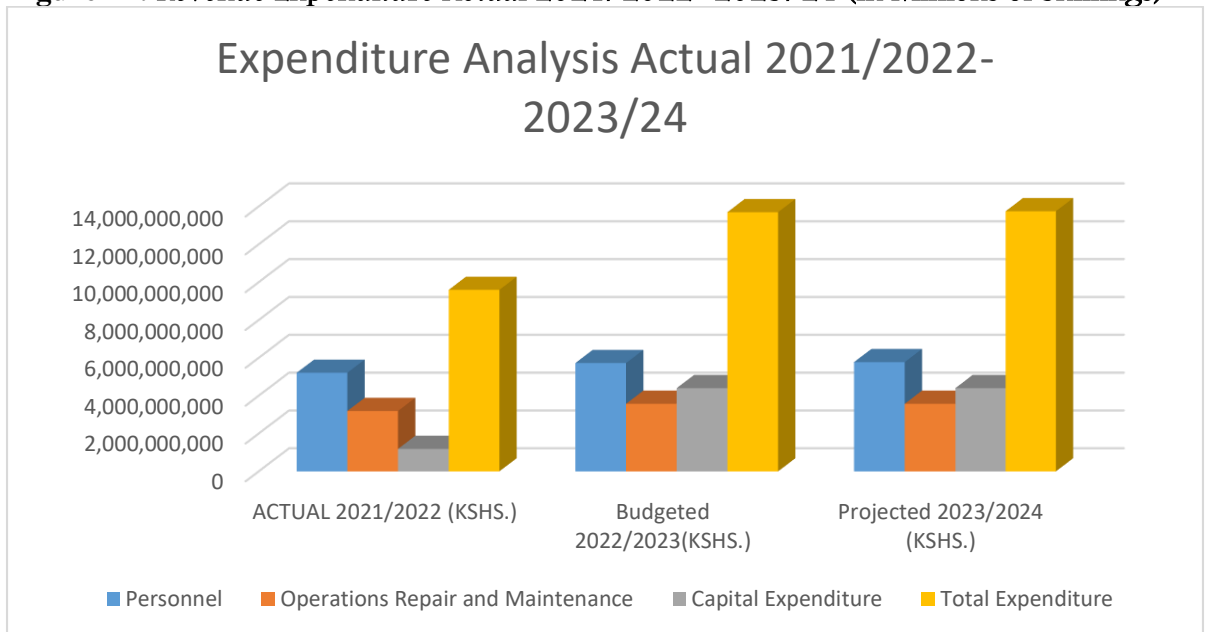


Figure 12: Revenue Expenditure Actual 2021/2022- 2023/24 (In Millions of Shillings)



Source: County Treasury, 2023

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 2023/2024 Budget Framework

151. Prioritization of resource allocation is based on the ADP 2023 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 2023/2024 financial year budget targets total revenue amounting to 13.7 billion; Total exchequer issues of Ksh 8.7 billion; including equitable share of Ksh 7.9 billion, Conditional grants Ksh 800 million and county own source revenue of Ksh 5.0 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 2023/24 is guided by the Annual Development Plan (2023) which outlines the proposed projects that will be implemented in the FY 2023/2024 being the first to be implemented in the realization of the CIDP 2023-2027. The total government expenditure is projected to be Ksh.13.7 Billion.

3.2.3: Recurrent Expenditure

154. In the 2023/24 financial year the total recurrent expenditure is estimated to be Ksh. 8.6 Billion compared to FY 2022/23 at Ksh. 9.3 Billion. The reduction has been attributed to reduction in personnel emolument expenditure in the health department due to transfer of the said function to Coast General Teaching and Referral Hospital. 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 2023/24 is projected at Ksh 5.1 Billion.

3.2.5: Fiscal Balance

156. The county government will adopt a balanced budget for FY 2023/24. 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

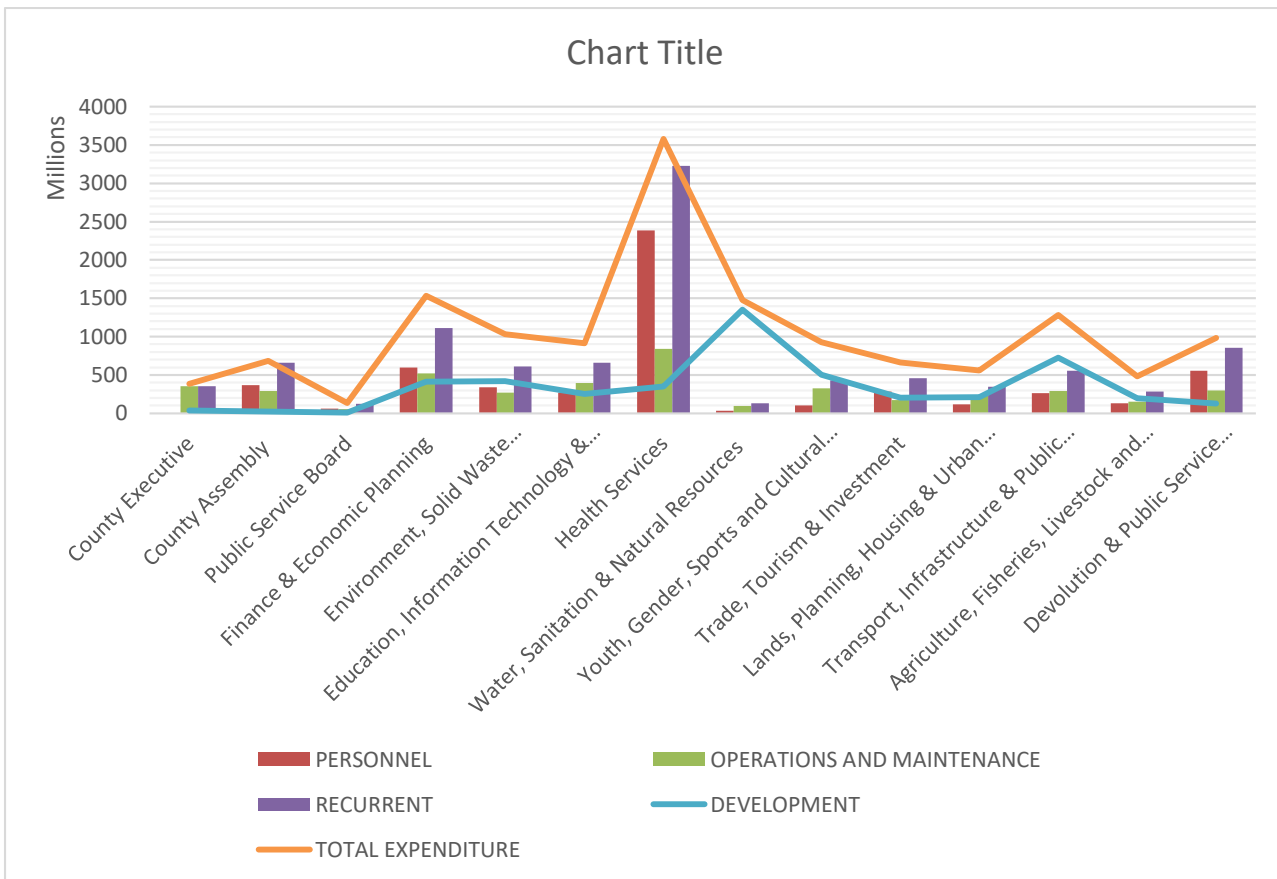
158. The County fiscal policy 2023, aims at increasing own source revenue as well as prudently managing expenditures. The created fiscal space will avail resources to scale up investments in the county's priority areas of Health, Youth Empowerment, Cohesion and Inclusivity, Education, waste management services and Investment Promotion as captured in the CFSP 2023.

Table 12: Approved Budget 2022/23

SUMMARY OF REVENUE AND EXPENDITURE							
	CONSOLIDATED REVENUE	PERSONNEL	OPERATIONS & MAINTENANCE	TOTAL RECURRENT	TOTAL DEVELOPMENT	TOTAL EXPENDITURE	%
County Executive		-	360,000,000	360,000,000	25,000,000	385,000,000	2.8
County Assembly		375,697,221	483,302,779	859,000,000	30,000,000	889,000,000	6.5
Public Service Board		66,545,155	63,454,845	130,000,000	20,000,000	150,000,000	1.1
Finance & Economic Planning	13,700,000,000	177,418,692	417,065,308	594,484,000	300,000,000	894,484,000	6.5
Environment, Waste Management and Energy		355,632,991	259,367,009	615,000,000	430,000,000	1,045,000,000	7.6
Education & Information Technology		279,158,574	348,357,426	627,516,000	300,000,000	927,516,000	6.8
Health Services		2,834,778,707	420,221,293	3,255,000,000	149,000,000	3,404,000,000	24.8
Water, Sanitation & Natural Resources		32,633,392	97,366,608	130,000,000	1,000,000,000	1,130,000,000	8.2
Youth, Gender, Sports and Cultural Affairs		68,011,660	191,988,340	260,000,000	500,000,000	760,000,000	5.5
Trade, Tourism & Investment		297,329,811	152,670,189	450,000,000	380,000,000	830,000,000	6.1
Land, Planning, Housing and Urban Renewal		124,767,840	145,232,160	270,000,000	400,000,000	670,000,000	4.9
Transport, Infrastructure & Public Works		303,739,899	290,260,102	594,000,000	526,000,000	1,120,000,000	8.2
Agriculture, Fisheries, Livestock and Co-operatives		134,642,742	100,357,258	235,000,000	250,000,000	485,000,000	3.5
Devolution & Public Service Administration		675,487,041	244,512,959	920,000,000	90,000,000	1,010,000,000	7.4
TOTAL		5,725,843,726	3,574,156,274	9,300,000,000	4,400,000,000	13,700,000,000	100
SURPLUS / (DEFICIT) Expenditure	0	42	26	68	32		
Personnel	5,725,843,726						
Operations Repair and Maintenance	3,574,156,274						
Total Recurrent	9,300,000,000						
Capital Expenditure	4,400,000,000						
Total Expenditure	13,700,000,000						

Source: County Treasury

Figure 13: Approved Budget 2022/2023 (In Millions of Shillings)



Source: County Treasury

CHAPTER FOUR

4.0: MEDIUM TERM EXPENDITURE FRAMEWORK 2023/24-2025/26

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 2023/2024 financial year budget targets total revenue amounting to 13.7 billion; Total exchequer issues of Ksh 8.7 billion; including equitable share of Ksh 7.9 billion, Conditional grants Ksh 800 million and county own source revenue of Ksh 5.0 billion. Locally mobilized revenue will finance about 37 percent of the budget in FY 2023/24.

4.1.1: Spending Priorities

161. The County Government's expenditure for the FY 2023/24 will be guided by the Annual Development Plan (2023) which outlines the proposed projects that will be implemented in the FY 2023/2024 in the realization of the CIDP 2023-2027. The total government expenditure is projected to be Ksh.13.7 billion.

4.1.2: The Fiscal Strategy FY 2023/24 & 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 2023/2024. The fiscal strategy of the Government is guided by contemporary events which have impacted on the economy, the ADP 2023 and the realities of the FY 2022/2023 actual revenue collections and expenditures. In this view, the 2023/2024 fiscal strategy paper has been designed to continue addressing these specific challenges by focusing on the following objectives:
- To improve the efficiency and quality of CAPEX spending by promoting Public Private Partnership;
 - To place greater focus on critical and on-site infrastructure development as a means of promoting long-term economic growth;
 - Continued application of a fiscal stimulus in the medium term to stimulate the economy which has been greatly affected by various adverse issues including the

ongoing drought, taking into consideration the current revenue constraints and its impact on the fiscal deficit;

- a. Rationalizing the outlay on recurrent expenditure through the identification of cost-saving measures;
- b. Pegging commitments and expenditure on the actual cash flow;
- c. Coming up with sustainable personnel policy to address the bloated wage bill;
- d. Boosting revenue receipts, identifying and plugging revenue leakages through automation.

Table 13: Projected FY 2023/2024 Revenues and Expenditure

REVENUE/EXPENDITURE PROJECTIONS	2023/2024 (KSHS.)
National Government Equitable Share	7,861,523,820
Conditional Grants	834,955,333
Total Exchequer Issues	8,696,479,153
County Local Sources	5,003,520,847
Total Revenue	13,700,000,000
Expenditure	
Personnel	4,895,893,533
Operations Repair and Maintenance	3,740,610,956
Capital Expenditure	5,063,495,511
Total Expenditure	13,700,000,000
Surplus/ (Deficit)	0

Table 14: Projected FY 2021/2022 -2023/2024 Revenues and Expenditure

REVENUE/EXPENDITURE PROJECTIONS	ACTUAL 2021/2022 (KSHS.)	Budget 2022/2023(KSHS.)	Projected 2023/2024 (KSHS.)
Revenues			
National Government Equitable Share	6,961,965,735	7,567,354,061	7,861,523,820
Conditional Grants	465,307,533	1,318,144,954	834,955,333
Total Exchequer Issues	7,427,273,268	8,885,499,015	8,696,479,153
County Local Sources	3,619,632,553	4,814,500,985	5,003,520,847
Total Revenue	11,046,905,821	13,700,000,000	13,700,000,000
Expenditures			
Personnel	5,211,798,278	5,725,843,725	4,895,893,533
Operations Repair and Maintenance	3,192,291,589	3,574,156,275	3,740,610,956
Capital Expenditure	1,190,179,163	4,400,000,000	5,063,495,511
Total Expenditure	9,594,269,030	13,700,000,000	13,700,000,000
Surplus/ (Deficit)	0	0	0

Source: County Treasury, 2023

Table 15: FY 2023/2024 DEPARTMENTAL CEILINGS

SUMMARY OF REVENUE AND EXPENDITURE							
BUDGET 2023/2024	CONSOLIDATED REVENUE	PERSONNEL	OPERATIONS & MAINTENANCE	TOTAL RECURRENT	TOTAL DEVELOPMENT	TOTAL EXPENDITURE	%
County Executive		-	174,000,000	174,000,000	25,000,000	199,000,000	1.5
County Assembly		381,844,958	532,255,042	914,100,000	30,000,000	944,100,000	6.9
Public Service Board		67,000,000	64,400,000	131,400,000	20,000,000	151,400,000	1.1
Finance & Economic Planning	13,700,000,000	302,112,212	161,387,788	463,500,000	1,374,000,000	1,837,500,000	13.4
Environment & Solid Waste Management		415,004,315	207,995,685	623,000,000	164,000,000	787,000,000	5.7
Education & Digital Transformation		279,158,574	724,841,426	1,004,000,000	166,000,000	1,170,000,000	8.5
Health Services		1,585,752,562	358,221,293	1,943,973,855	1,584,026,145	3,528,000,000	25.8
Water, Natural Resources & Climate Change Resilience		33,000,000	81,000,000	114,000,000	222,000,000	336,000,000	2.5
Public Service Administration, Youth, Gender, Social Services & Sports		919,677,247	437,322,753	1,357,000,000	225,000,000	1,582,000,000	11.5
Tourism, Culture & Trade		297,329,811	92,777,379	390,107,190	221,892,810	612,000,000	4.5
Land, Planning, Housing and Urban Renewal		124,767,840	141,655,604	266,423,444	420,576,556	687,000,000	5.0
Transport & Infrastructure		325,474,139	590,525,861	916,000,000	361,000,000	1,277,000,000	9.3
Blue Economy, Agriculture & Livestock		134,642,742	74,357,258	209,000,000	250,000,000	459,000,000	3.4
The County Attorney		30,129,134	99,870,866	130,000,000	-	130,000,000	0.9
TOTAL		4,895,893,533	3,740,610,956	8,636,504,489	5,063,495,511	13,700,000,000	100
SURPLUS / (DEFICIT)	-	36	27	63	37		
REVENUE SOURCES							
Local Revenue	5,003,520,847						
Exchequer Issues	8,696,479,153						
TOTAL REVENUE	13,700,000,000						

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 2023, priorities as outlined in the CFSP as well as other strategic interventions geared towards sustainable economic growth. The following guidelines are used:

- **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.
- **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

165. 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 2023/24 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 Actual
2021/2022- Budgeted 2022/23**

DEPARTMENTS	Actual Expenditure 2021/2022	Budgeted 2022/2023
RECURRENT	A	B
County Executive	122,942,152	360,000,000
County Assembly	625,798,250	859,000,000
Public Service Board	51,881,804	130,000,000
Finance & Economic Planning	1,590,281,001	594,484,000
Environment, Solid Waste Management and Energy	446,403,599	615,000,000
Education, Information Technology & MV 2035	203,213,070	627,516,000
Health Services	2,059,127,730	3,255,000,000
Water, Sanitation & Natural Resources	18,778,069	130,000,000
Youth, Gender, Sports and Cultural Affairs	190,421,154	260,000,000
Trade, Tourism & Investment	361,133,257	450,000,000
Lands, Housing and Physical Planning	182,090,118	270,000,000
Transport, Infrastructure & Public Works	287,657,434	594,000,000
Agriculture, Fisheries, Livestock and Co-operatives	119,831,506	235,000,000
Devolution & Public Service Administration	2,170,696,009	920,000,000
TOTAL	8,404,089,867	9,300,000,000
	Actual Expenditure 2021/2022	Budgeted 2022/2023
DEVELOPMENT	A	B
County Executive	1,926,207	25,000,000
County Assembly	-	30,000,000
Public Service Board	1,857,414	20,000,000
Finance & Economic Planning	71,152,512	300,000,000
Environment, Solid Waste Management and Energy	94,621,349	430,000,000
Education, Information Technology & MV 2035	5,259,560	300,000,000
Health Services	8,366,721	149,000,000
Water, Sanitation & Natural Resources	217,684,297	1,000,000,000
Youth, Gender, Sports and Cultural Affairs	112,758,703	500,000,000
Trade, Tourism & Investment	5,276,996	380,000,000
Lands, Housing and Physical Planning	60,291,301	400,000,000
Transport, Infrastructure & Public Works	602,243,084	526,000,000
Agriculture, Fisheries, Livestock and Co-operatives	6,607,398	250,000,000
Devolution & Public Service Administration	2,133,621	90,000,000
TOTAL	1,190,179,163	4,400,000,000

	Actual Expenditure 2021/2022	Budgeted 2022/2023
TOTAL	A	B
County Executive	124,868,359	385,000,000
County Assembly	625,798,250	889,000,000
Public Service Board	53,739,218	150,000,000
Finance & Economic Planning	1,661,433,513	894,484,000
Environment, Solid Waste Management and Energy	541,024,948	1,045,000,000
Education, Information Technology & MV 2035	208,472,630	927,516,000
Health Services	2,067,494,451	3,404,000,000
Water, Sanitation & Natural Resources	236,462,366	1,130,000,000
Youth, Gender, Sports and Cultural Affairs	303,179,857	760,000,000
Trade, Tourism & Investment	366,410,252	830,000,000
Lands, Housing and Physical Planning	242,381,419	670,000,000
Transport, Infrastructure & Public Works	889,900,518	1,120,000,000
Agriculture, Fisheries, Livestock and Co-operatives	126,438,905	485,000,000
Devolution & Public Service Administration	2,172,829,629	1,010,000,000
TOTAL	9,620,434,315	13,700,000,000

Table 18: Summary of Recurrent Expenditure Medium Term Costs and Ceiling Projected 2022/2023- 2025/2026

DEPARTMENTS	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026
RECURRENT	C	D	E
County Executive	174,000,000	269,000,000	275,273,000
County Assembly	914,100,000	775,475,000	786,958,075
Public Service Board	131,400,000	133,250,000	135,515,250
Finance & Economic Planning	463,500,000	932,750,000	887,606,750
Environment & Solid Waste Management	623,000,000	630,375,000	641,091,375
Education & Digital Transformation	1,004,000,000	662,150,000	673,406,550
Health Services	1,943,973,855	3,485,000,000	3,544,245,000
Water, Natural Resources & Climate Change Resilience	114,000,000	133,250,000	135,515,250
Public Service Administration, Youth, Gender, Social Services & Sports	1,357,000,000	1,075,500,000	1,000,323,500
Tourism, Culture & Trade	390,107,190	358,750,000	364,848,750
Land, Planning, Housing and Urban Renewal	266,423,444	276,750,000	281,454,750
Transport & Infrastructure	916,000,000	574,000,000	583,758,000
Blue Economy, Agriculture & Livestock	209,000,000	256,250,000	260,606,250
The County Attorney	130,000,000	120,000,000	130,000,000
TOTAL	8,636,504,489	9,682,500,000	9,700,602,500

	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026
DEVELOPMENT	C	D	E
County Executive	25,000,000	25,625,000	26,060,625
County Assembly	30,000,000	30,750,000	31,272,750
Public Service Board	20,000,000	20,500,000	20,848,500
Finance & Economic Planning	1,374,000,000	358,750,000	364,848,750
Environment & Solid Waste Management	164,000,000	312,625,000	317,939,625
Education & Digital Transformation	166,000,000	307,500,000	312,727,500
Health Services	1,584,026,145	328,000,000	333,576,000
Water, Natural Resources & Climate Change Resilience	222,000,000	1,230,000,000	1,250,910,000
Public Service Administration, Youth, Gender, Social Services & Sports	225,000,000	604,750,000	521,212,500
Tourism, Culture & Trade	221,892,810	389,500,000	396,121,500
Land, Planning, Housing and Urban Renewal	420,576,556	184,500,000	187,636,500
Transport & Infrastructure	361,000,000	768,750,000	781,818,750
Blue Economy, Agriculture & Livestock	250,000,000	256,250,000	260,606,250
The County Attorney	-	-	-
TOTAL	5,063,495,511	4,817,500,000	4,899,397,500
	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026
TOTAL	C	D	E
County Executive	199,000,000	294,625,000	201,333,625
County Assembly	944,100,000	806,225,000	818,230,825
Public Service Board	151,400,000	153,750,000	156,363,750
Finance & Economic Planning	1,837,500,000	1,291,500,000	1,252,455,500
Environment & Solid Waste Management	787,000,000	943,000,000	959,031,000
Education & Digital Transformation	1,170,000,000	969,650,000	986,134,050
Health Services	3,528,000,000	3,813,000,000	3,877,821,000
Water, Natural Resources & Climate Change Resilience	336,000,000	1,363,250,000	1,386,425,250
Public Service Administration, Youth, Gender, Social Services & Sports	1,582,000,000	1,680,250,000	1,521,536,000
Tourism, Culture & Trade	612,000,000	748,250,000	760,970,250
Land, Planning, Housing and Urban Renewal	687,000,000	461,250,000	469,091,250
Transport & Infrastructure	1,277,000,000	1,342,750,000	1,365,576,750
Blue Economy, Agriculture & Livestock	459,000,000	512,500,000	521,212,500
The County Attorney	130,000,000	120,000,000	130,000,000
TOTAL	13,700,000,000	14,500,000,000	14,600,000,000

Source: County Treasury, 2023

4.2: Details of Departmental Priorities

166. The medium-term expenditure framework for 2023/2024-2025/2026 ensures continuity in resource allocation is based on prioritized programmes aligned to the ADP 2023 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

167. 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 944,100,000 in FY 2023/2024. The County Assembly budget consists of 6.9% of the total county budget.

4.2.2: County Executive

168. 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, the Chief of Staff, Advisory services, communication unit, cabinet affairs and the policy and planning services.

169. This sub-sector requires considerable funding to oversee the implementation of the Kenyan Constitution, Vision 2030, and the County's Vision 2035, CIDP 2023-27, the CFSP through provision of leadership and policies in governing of the county. It has the task of supervising the County Government department.

170. The department has been allocated Ksh. 199,000,000 in the FY 2023/2024. The budget consists of 1.5% of the total county budget.

4.2.3: Public Service Board

171. 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. 151,400,000 in the FY 2023/2024. The budget consists of 1.1% of the total county budget.

4.2.4: Department of Finance & Economic Planning

172. The Department is tasked with developing and managing the macroeconomic policies of the County as well as providing oversight of all the legislated County funds.

173. 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.

174. 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.

175. Due to the crucial role of the department, it has been allocated Ksh 1,837,500,000 in the FY 2023/2024. The budget consists of 13.4% 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 Tourism, Culture & Trade

176. The Department significantly contributes towards generation of income and employment through tourism and trade development thus promoting self-employment, to harness the full potential of our cultural heritage; improving trading environment and attracting more investors and tourists in the County.

177. The development of the industrialization policy will ensure that the locally produced goods and services access ready markets regionally as well as nationally. The focus will be on value addition, promotion of cooperative ventures, micro and small businesses and the promotion of local goods and services.

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 787,000,000 in the FY 2023/2024. The budget consists of 5.7% of the total county budget.

4.2.6: Department of Education & Digital Transformation

180. In the financial year 2023/24 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, strengthening the capacity of the city Polytechnics and vocational institutions. The digital transformation policy that will be developed will be a 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, 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 1,170,000,000 in FY 2023/2024. The budget consists of 8.5% 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 3,528,000,000 in FY 2023/2024. The budget consists of 25.8% of the total county budget.

4.2.8: Department of Water, Natural Resources & Climate Change Resilience

186. The Department have the following priority programmes: Management and conservation of natural resources; resource recovery; developing and deploying new and renewable energy to supplement the energy requirements of the County, 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; Reduced non-revenue water to acceptable global levels; Rehabilitate/Expand the existing dilapidated water systems; and Improve management of water services.

187. In the financial year 2023/2024 and over the medium term, Water services through increased Water Supply, Rehabilitation /Expansion of the existing water 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 336,000,000 in FY 2023/2024. The budget consists of 2.5% of the total county budget.

4.2.9: Department of Public Service Administration, Youth, Gender, Social Services & Sports

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. The Public Service Administration entails being in charge of public service management, sub county administration and devolution services. 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.

191. In the 2023/24, The department will continue: To empower the youth with livelihood skills; Youth Empowerment, Economic Empowerment & Revolving Fund, to promote sports and arts industry in the county; To advocate and embrace national cohesion and de-ethnicization of our society, to support women and persons living with disability with start-up kits and provision and maintenance of public entertainment and recreational facilities.

192. 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.

193. Due to the crucial role of the department, it has been allocated Ksh 1,582,000,000 in FY 2023/2024. The budget consists of 11.5% of the total county budget.

4.2.10: Department of Environment & Solid Waste Management

194. The Department's priorities and strategies are: Enforcement of waste management policies, regulations and guidelines, 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 as well as mitigating against ravages of rapid urbanization.
195. 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.
196. Due to the key role of the department, it has been allocated Ksh 612,000,000 in FY 2023/2024. The budget consists of 4.5% of the total county budget.

4.2.11: Department of Lands, Urban Renewal & Housing

197. The department is in charge of management of land use and ownership, Policies on land consolidation, Physical Planning, provision of adequate, clean, affordable and quality housing.
198. In the financial year 2023/2024 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.
199. The Department will also promote development of adequate, affordable quality housing through provision of affordable and quality housing units, refurbishment of county residential houses and maintenance of offices and promotion of appropriate building technology.
200. Due to the vital role the department plays, in the FY 2023/2024 budget, it has been allocated Ksh. 687,000,000. This constitutes 5.0% of the total budget.

4.2.12: Department of Transport & Infrastructure

201. 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.
202. 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.

203. Due to the enabling role of the department, it has been allocated Ksh 1,277,000,000 in FY 2023/24. The budget consists of 9.3% of the total county budget.

4.2.13: Department of Blue Economy, Agriculture & Livestock

204. 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 and value addition.

205. In the financial year 2023/2024 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 value addition.

206. 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.

207. 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.

208. The department has been allocated Ksh 459,000,000 in FY 2023/2024. The budget consists of 3.4% of the total county budget.

4.2.14: The County Attorney

209. The Office of the County Attorney is established under an Act of Parliament which provides the functions and powers of the County Attorney, discharge of duties and the exercise of power for connected purposes. The following are the functions of the County Attorney;

- Is the principal legal adviser to the county government;
- Shall attend the meetings of the county executive committee as an ex officio member of the executive committee;
- Shall, on the instructions of the county government, represent the county executive in court or in any other legal proceedings to which the county executive is a party, other than criminal proceedings;

- Shall advise departments in the county executive on legislative and other legal matters;
- Shall negotiate, draft, vet and interpret documents and agreements for and on behalf of the county executive and its agencies;
- Shall be responsible for the revision of county laws;
- May liaise with the Office of the Attorney-General when need arises; and
- Shall perform any other function as may be necessary for the effective discharge of the duties and the exercise of the powers of the County Attorney.

210. The office of the County Attorney has been allocated Ksh 130,000,000 in FY 2023/2024. The budget consists of 0.9 % of the total county budget.

DETAILED REVENUE ANALYSIS

Annex 1: TOTAL EXCHEQUER ISSUES 2021-2022

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

Annex 2: TOTAL LOCAL REVENUE COLLECTED 21-22

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

REVENUE.	ANNUAL BUDGETED 2021-2022 KSHS.	GRAND TOTALS 2021-2022 KSHS.	% Collection
Technical Division	52,593	10,000.00	19%
Beacon Search pointing Fee	105,842	43,000.00	41%
Survey Fee	2,808,845	18,750.00	1%
Subdivision & Consolidation Fees	22,083,901	65,000.00	0%
Change of User	6,703,317	-	0%
Temporary Occupation License (TOL)	0	50,000.00	
Impounding charges	75,436	-	0%
Dog Licenses	39,287	-	0%
Storage Fee	348,561	-	0%
Training/Learning Center Fee	0	-	
Debts Clearance Certificate Fee	13,705	-	0%
Refund of Over Payment	446,517	166,149.00	37%
Other Property Charges	5,867,749	456,000.00	8%
Sand, Gravel, and Ballast Extraction Fees	829,018,029	350,233,760.00	42%
Incidental Charges	34,719	379,123.00	1092%
Tender Documents Sale	1,472,802	-	0%
Hotel Levy	38,868,296	26,704,830.00	69%
Stadium Hire	5,211,009	-	0%
Social Hall Hire	8,754,495	2,183,300.00	25%
Hire of County Grounds	356,327	93,000.00	26%
Sewer Connection Charge	4,568	-	0%
County Vehicles Hire	339,840	-	0%
Fire Inspection Fees	15,713,114	-	0%
Fire-Fighting Services	98,563,589	5,378,000.00	5%
Land Scape Scheme	32,834,639	-	0%
Buildings Plan Preparation Fee	1,568,233	3,032,825.00	193%
Buildings Plan Approval Fee	125,064,218	161,774,828.00	129%
Demolition of Structures	773,413	348,000.00	45%
Receipts from Administrative Fees and Charges	1,242,509,659	559,373,784.00	45%
Business Permits, Current Year	590,950,017	492,117,503.00	83%
Business Permits, Other Years (Including Penalties)	1,520,123	6,606,223.00	435%
Business Permits / Cess	592,470,140	498,723,726	84%
Plot Transfer Fee	17,360	13,600.00	78%
Document Search Fee	3,829	7,000.00	183%
Allottees Documents	33,764	-	0%
Instalment Fee (HDD Scheme)	140,525	37,790.00	27%
Annual Ground Rent (HDD Scheme)	2,933,126	2,349,504.00	80%
Plots Charges (HDD Scheme)	16,206,075	2,573,104.00	16%

REVENUE.	ANNUAL BUDGETED 2021-2022 KSHS.	GRAND TOTALS 2021-2022 KSHS.	% Collection
Survey Fee	23,933	-	0%
Plot Rents	19,358,612	4,980,998	26%
03020205 Mackinnon Market			
Market Stalls Rent	3,021,961	-	0%
Market Stalls Rent	1,586,352	-	0%
03020405 Mombasa Wholesale market			
Market Entrance / Gate Fee	422,431,080	1,742,593.00	0.4%
Market Stalls Rent (Rental store w/s mkt)	11,330,593	15,362,684.00	136%
Off loading	3,136,615	398,880.00	13%
Hawking Fee	22,977,126	1,596,300.00	7%
	0	1,750.00	
03020505 Magongo Market			
Market Shops Rent	1,091,870	-	0%
03020605 Likoni Open Air Market	0	-	
Market Stalls Rent	280,962	5,000.00	2%
03020705 Port Tudor, Kongowea & Likoni Market			
Market Stalls Rent	178,001	-	0%
03020805 Sega Market			
Market Stalls Rent	1,773,115	-	0%
03020905 Chaani Open Air Market			
Market Stalls Rent	1,367,491	-	0%
03021005 Mikindani Market			
Market Stalls Rent	361,140	-	0%
03021105 Mwembe Tayari Market			
Market Stalls Rent	1,562,806	-	0%
03021205 Kisauni Retail Stall Market			
Market Stalls Rent	3,938,704	-	0%
Collection from Market Establishments	475,037,816	19,107,207	4%
Drainage Certificate Charges	88,115	-	0%
Road Cutting Application Fees	92,102	166,500.00	181%
Other Vehicles Enclosed Park Fees (Cars, lorries, etc)	1,544	4,000.00	259%
Street Parking Fee	363,192,468	227,088,647.00	63%
Towing Fee.	151,477	-	0%
KAPS Parking Fees	0	10,552,800.00	
TLB Matatu Levy	232,492,409	190,322,160.00	82%

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

Annex 3: EXPENDITURE PER PROGRAM 2021/2022

S.No	Department / Programme	Economic Item	Original Budget FY 2021/2022	Final Budget FY 2021/2022	Actual on Comparable Basis	Budget Utilization Difference
1	3011: THE EXECUTIVE					
P1	Governor's Affairs & Advisory Services	RECURRENT	161,624,673	88,467,279	41,774,921	47%
		DEVELOPMENT	0	0	0	0
P2	Deputy Governor's Affairs & External Relations	RECURRENT	57,274,828	33,870,740	13,549,784	40%
		DEVELOPMENT	5,000,000	980,000	963,103	98%
P3	Cabinet Affairs, Policy Research and Legal Services	RECURRENT	88,000,000	72,167,347	63,671,576	88%
		DEVELOPMENT	19,875,327	0	0	0
P4	MV 2035 & E-Government	RECURRENT	19,000,000	6,332,522	1,550,000	24%
		DEVELOPMENT	18,000,000	0	0	
P5	Strategic Delivery Unit	RECURRENT	17,716,961	14,070,130	3,358,974	24%
		DEVELOPMENT	0	0	0	
	Total		386,491,789	215,888,018	124,868,359	57.8%
2	3013: COUNTY PUBLIC SERVICE BOARD					
P1	Administration Unit	RECURRENT	122,741,500	75,257,533	51,881,804	69%
		DEVELOPMENT	27,258,500	1,890,000	1,857,414	98%
	Total		150,000,000	77,147,533	53,739,218	69.7%
3	3014: FINANCE AND ECONOMIC PLANNING					
P1	Administration Unit	RECURRENT	529,467,897	805,487,521	1,035,381,518	129%
		DEVELOPMENT	320,500,050	535,223,882	484,587,763	91%
P2	Accounting Unit	RECURRENT	44,650,000	140,616,226	112,262,746	80%
		DEVELOPMENT	8,000,000	5,175,575	3,705,142	72%
P3	Planning and Monitoring Unit	RECURRENT	44,010,653	31,065,522	19,147,723	62%
		DEVELOPMENT	14,000,000	8,039,400	6,348,621	79%
	Total		960,628,600	1,525,608,126	1,661,433,513	108.9%
4	3015: ENERGY, ENVIRONMENT & WASTE MANAGEMENT					
P1	Administration, Planning and Support Services	RECURRENT	475,734,748	442,308,799	358,711,022	81%
		DEVELOPMENT	90,500,000	82,988,359	78,587,608	95%
P2	Energy	RECURRENT	5,239,000	3,658,500	3,658,500	100%
		DEVELOPMENT	70,000,000	11,415,980	2,751,724	24%
P3	Environmental Management and Protection	RECURRENT	61,460,000	46,158,100	37,852,241	82%
		DEVELOPMENT	65,500,000	27,075,545	11,197,141	41%
P4	Solid Waste Management	RECURRENT	38,327,252	89,866,895	45,581,836	51%
		DEVELOPMENT	55,000,000	29,331,360	2,084,875	7%
P5	Climate Change	RECURRENT	5,239,000	600,000	600,000	100%
		DEVELOPMENT	50,000,000	19,387,618	0	0%
	Total		917,000,000	752,791,156	541,024,948	71.9%

S.No	Department / Programme	Economic Item	Original Budget FY 2021/2022	Final Budget FY 2021/2022	Actual on Comparable Basis	Budget Utilization Difference
5	3016: Education, Information Technology & MV 2035					
P1	General Administration, Planning and Support Services	RECURRENT	331,718,830	271,755,243	200,864,276	74%
		DEVELOPMENT	42,000,000	8,450,870	488,267	6%
P2	Education headquarters	RECURRENT	49,211,170	3,639,500	0	0%
		DEVELOPMENT	140,000,000	19,615,149	0	0%
P3	Childcare	RECURRENT	163,390,000	1,250,000	0	0%
		DEVELOPMENT	109,670,644	0	0	
P4	Elimu Fund	RECURRENT	35,350,644	15,865,300	2,348,793	15%
		DEVELOPMENT	155,658,712	81,545,568	4,771,293	6%
P5	Information Technology Headquarters	RECURRENT	0	0	0	0
		DEVELOPMENT	0	0	0	0
Total			1,027,000,000	402,121,630	208,472,630	51.8%
6	3017: HEALTH SERVICES					
P1	Administration Unit	RECURRENT	2,755,668,246	2,587,743,882	1,954,842,344	76%
		DEVELOPMENT	77,392,810	63,363,938	17,240,061	27%
P2	Curative/Clinical Health Services	RECURRENT	368,646,826	27,374,669	0	0%
		DEVELOPMENT	213,707,332	296,645,948	92,042,730	31%
P3	Preventive and Promotive Services Unit	RECURRENT	127,593,439	23,278,920	0	0%
		DEVELOPMENT	30,655,800	38,119,259	0	0%
P4	Special Programs	RECURRENT	53,123,400	9,451,448	3,153,738	33%
		DEVELOPMENT	15,000,000	4,964,250	215,578	0
Total			3,641,787,854	3,050,942,314	2,067,494,451	68%
7	3018: Water, Sanitation & Natural Resources					
P1	Administration unit	RECURRENT	76,670,000	37,873,595	18,778,069	50%
		DEVELOPMENT	840,900,000	800,500,000	217,684,297	27%
P2	Sanitation/Sewerage Services Headquarters	RECURRENT	18,250,000	250,000	0	
		DEVELOPMENT	40,000,000	0	0	0
P3	Water Supply Headquarters	RECURRENT	7,450,000	10,000	0	0
		DEVELOPMENT	163,000,000	0	0	0
P4	Natural Resources	RECURRENT	6,730,000	0	0	
		DEVELOPMENT	77,000,000	0	0	
Total			1,230,000,000	838,633,595	236,462,366	28.2%
8	3019 Youth, Gender, Sports and Cultural Affairs					
P1	Administration Unit	RECURRENT	187,500,000	202,893,855	164,464,827	81%
		DEVELOPMENT	12,500,000	0	1,708,160	0
P2	Youth Empowerment	RECURRENT	53,980,000	10,937,072	7,900,074	72%
		DEVELOPMENT	41,500,000	105,943,612	116,492	0%
P3	Gender Affairs and Disability Mainstreaming	RECURRENT	30,000,000	12,639,731	3,965,973	31%
		DEVELOPMENT	0	0	0	0
P4	Sports development	RECURRENT	40,000,000	18,344,900	7,487,190	41%

S.No	Department / Programme	Economic Item	Original Budget FY 2021/2022	Final Budget FY 2021/2022	Actual on Comparable Basis	Budget Utilization Difference
		DEVELOPMENT	460,000,000	131,238,689	110,934,050	85%
P5	Cultural Affairs	RECURRENT	30,900,000	13,749,086	3,713,780	27%
		DEVELOPMENT	0	0	0	0
P6	Public Recreation and Entertainment	RECURRENT	19,620,000	11,074,500	2,889,310	26%
		DEVELOPMENT	0	0	0	0
	Total		876,000,000	506,821,445	303,179,857	59.8%
9	3020: Trade, Tourism & Investment					
P1	Administration Unit	RECURRENT	320,351,886	387,653,909	316,787,982	82%
		DEVELOPMENT	5,734,000	0	0	
P2	Trade Development	RECURRENT	27,441,810	17,145,427	14,540,009	85%
		DEVELOPMENT	133,000,000	914,000	0	0%
P3	Development of Tourism	RECURRENT	11,601,997	5,365,092	2,538,807	47%
		DEVELOPMENT	80,500,000	3,289,988	3,328,430	101%
P4	Investment Promotion and Products Headquarters	RECURRENT	32,105,082	16,019,532	10,965,829	68%
		DEVELOPMENT	41,000,000	3,644,300	1,449,690	40%
P5	Ease of Doing Business- Headquarters	RECURRENT	37,080,000	22,764,938	16,300,630	72%
		DEVELOPMENT	152,000,000	2,151,390	498,876	23%
P6	Development of County Industrial Parks	RECURRENT	0	0	0	
		DEVELOPMENT	0	0	0	
	Total		840,814,775	458,948,576	366,410,252	79.8%
10	3021: Lands, Housing and Physical Planning					
P1	Administration Unit	RECURRENT	200,083,825	225,220,424	170,035,400	75%
		DEVELOPMENT	19,000,000	4,675,200	2,774,328	6%
P2	Land Management Unit	RECURRENT	14,350,000	2,585,050	1,467,704	57%
		DEVELOPMENT	76,000,000	74,354,950	12,747,074	17%
P3	Physical planning	RECURRENT	27,350,000	8,884,000	6,613,966	74%
		DEVELOPMENT	305,000,000	301,697,100	0	0%
P4	Housing Development Unit	RECURRENT	21,566,175	6,027,238	2,747,302	46%
		DEVELOPMENT	2,000,000	2,000,000	1,965,517	98%
P5	Urban Renewal	RECURRENT	4,650,000	1,447,250	1,225,746	85%
		DEVELOPMENT	83,000,000	38,999,617	42,804,382	110%
	Total		753,000,000	665,890,829	242,381,419	36.4%
11	3022: TRANSPORT, INFRASTRUCTURE & PUBLIC WORKS					
P1	Administration Unit	RECURRENT	347,494,701	340,643,215	284,112,196	83%
		DEVELOPMENT	0	0	0	0
P2	Road and Transport Unit	RECURRENT	23,700,000	1,576,384	100,000	6%
		DEVELOPMENT	552,700,000	1,173,519,620	589,797,039	50%
P3	Works Unit	RECURRENT	31,780,298	4,556,600	663,969	15%

S.No	Department / Programme	Economic Item	Original Budget FY 2021/2022	Final Budget FY 2021/2022	Actual on Comparable Basis	Budget Utilization Difference
		DEVELOPMENT	9,000,000	450,000	0	0%
P4	Transport Planning, Management and Safety	RECURRENT	6,950,000	300,000	100,000	33%
		DEVELOPMENT	12,800,000	150,000	0	0%
P5	Mechanical Services	RECURRENT	60,575,000	17,589,839	910,579	5%
		DEVELOPMENT	8,800,001	2,226,156	0	
P6	Safety, Risk Management and Rescue Services	RECURRENT	21,200,000	2,800,000	1,770,690	63%
		DEVELOPMENT	115,000,000	52,061,183	12,446,045	24%
	Total		1,190,000,000	1,595,872,997	889,900,518	55.8%
12	3023: Agriculture, Fisheries, Livestock and Co-operatives					
P1	Administration Unit-Headquarters	RECURRENT	169,219,199	150,069,089	119,681,506	80%
		DEVELOPMENT	0	0	0	0
P2	Crop Management Unit	RECURRENT	30,398,491	2,825,700	150,000	5%
		DEVELOPMENT	80,000,000	2,549,195	0	0%
P3	Livestock Unit	RECURRENT	20,656,206	1,358,500	0	0%
		DEVELOPMENT	52,000,000	6,318,263	6,209,327	98%
P4	Fisheries Unit-Headquarters	RECURRENT	19,699,045	4,562,800	0	0%
		DEVELOPMENT	52,000,000	30,377,891	398,071	1%
P5	Veterinary Services	RECURRENT	21,414,916	922,000	0	0%
		DEVELOPMENT	32,000,000	6,318,263	0	0%
P6	Cooperatives	RECURRENT	14,112,093	51,577	0	0%
		DEVELOPMENT	12,000,000	2,871,103	0	0%
	Total		503,499,950	208,224,381	126,438,905	60.7%
13	3026: Devolution & Public Service Administration					
P1	Administration	RECURRENT	731,058,253	2,671,447,792	2,052,665,358	77%
		DEVELOPMENT	13,000,000	1,500,000	237,069	16%
P2	Devolution and public service administration	RECURRENT	63,136,398	101,854,525	99,387,283	98%
		DEVELOPMENT	500,000	250,000	237,069	95%
P3	County Administration and Decentralized Services	RECURRENT	31,600,000	7,196,408	3,733,712	52%
		DEVELOPMENT	37,000,000	7,500,000	0	0%
P4	Public Service Reforms and Delivery	RECURRENT	31,909,194	10,339,200	6,129,483	59%
		DEVELOPMENT	0	0	0	0%
P5	Compliance and Enforcement	RECURRENT	38,472,796	14,003,590	8,780,172	63%
		DEVELOPMENT	69,500,000	7,763,494	1,659,483	21%
	Total		1,016,176,640	2,821,855,009	2,172,829,629	77.0%
	3010-MOMBASA COUNTY EXECUTIVE		13,492,399,608	13,120,745,610	8,994,636,065	68.6%
	3012 COUNTY ASSEMBLY		979,254,392	879,254,390	625,798,250	71.2%
	MOMBASA COUNTY CONSOLIDATED		14,471,654,000	14,000,000,000	9,620,434,315	68.7%

Annex 4: Public Participation Reports



CFSP Memo 1.pdf



CFSP Memo 2.pdf



CFSP Memo 3.pdf