



REPUBLIC OF KENYA



COUNTY ASSEMBLIES FORUM (CAF)  
P. O. Box 73552 - 00200,  
NAIROBI, KENYA  
COUNTY GOVERNMENT OF KILIFI

# KILIFI COUNTY

DRAFT COUNTY FISCAL STRATEGY PAPER 2025  
FOR COMMENTS



REPUBLIC OF KENYA



**COUNTY GOVERNMENT OF KILIFI**  
**THE COUNTY TREASURY**

## **THE COUNTY FISCAL STRATEGY PAPER 2025**

**ENHANCING FISCAL DISCIPLINE & STRATEGIC  
INVESTMENTS FOR INCLUSIVE GROWTH,  
SUSTAINABLE DEVELOPMENT & IMPROVED  
LIVELIHOODS.**

**14TH FEBRUARY 2025**

COUNTY ASSEMBLIES FORUM (CAF)

P. O. Box 73552 - 00200,  
NAIROBI, KENYA

DRAFT FOR COMMENTS

## Foreword.

The 2025 County Fiscal Strategy Paper (CFSP), which is the third to be prepared under the Mungiro wa Kilifi Administration, highlights the progress made in the implementation of the strategic interventions articulated in Governor's manifesto and anchored on both the Fourth Medium Term Plan of the Vision 2030 and the CIDP III.

The Fiscal Year 2025/2026 marks a transformative period for Kilifi County as we implement strategic fiscal and economic reforms to enhance service delivery, promote sustainable development, and strengthen financial governance. Through sound public finance management, resource optimization, and targeted investments, the County Government is committed to accelerating economic growth and improving the livelihoods of our residents.

To achieve these objectives, the county has prioritized broad strategic areas that will drive economic transformation and social development. These include: Enhancing Food Security, expanding Water Infrastructure, Strengthening Health Systems, advancing Early Childhood Education Development (ECDE), improving Transport and Connectivity, fostering Local Economic Development, and promoting Tourism Development. By focusing on these key sectors, Kilifi County aims to improve agricultural productivity, ensure access to clean and reliable water, enhance healthcare services, invest in quality education for young learners, upgrade transport networks, support local businesses, and harness the potential of tourism for economic growth.

In line with these priorities, the County Government will implement critical fiscal measures, including the adoption of Zero-Based Budgeting (ZBB) to enhance expenditure efficiency and the transition to the accrual basis of accounting to improve financial transparency and asset management. Additionally, efforts to reduce recurrent expenditure and increase development funding will be pursued to ensure prudent financial management and sustainable resource allocation.

Furthermore, expenditure management and revenue collection reforms will be strengthened to enhance financial sustainability, while productivity reforms in the public sector will drive efficiency, innovation, and accountability in service delivery. By leveraging digital transformation, public-private partnerships (PPPs), and performance-based management systems, the county aims to maximize the impact of public investments.

These strategic interventions underscore Kilifi County's unwavering commitment to fiscal responsibility, economic resilience, and inclusive growth. As we embark on this journey, collaboration among government agencies, development partners, private sector stakeholders, and the community will be crucial in achieving our collective vision for a prosperous and sustainable future.

**HON.YAYE SHOSI AHMED**  
**COUNTY EXECUTIVE COMMITTEE MEMBER**  
**FINANCE AND ECONOMIC PLANNING.**

## Acknowledgement

The successful preparation of the Fiscal Year 2025/2026 County Fiscal Strategy Document is a testament to the collective efforts, commitment, and dedication from various stakeholders. The Kilifi County Government expresses its sincere appreciation to all individuals and institutions that contributed to the development of this important policy document, which will guide the county's economic and fiscal priorities in the medium term.

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We extend our gratitude to H.E. the Governor for providing overall leadership and strategic direction, ensuring that this document aligns with the county's development agenda. Special appreciation goes to the County Executive Committee Member for Finance and Economic Planning for spearheading the formulation process and ensuring that it reflects sound fiscal policies and economic priorities.

The County Treasury Team, led by the Chief Officers; for Finance, Economic Planning and resource mobilization, deserves recognition for its technical expertise, rigorous analysis, and commitment to ensuring a well-informed and data-driven approach in the preparation of this document. We also acknowledge the contributions of various County Departments, Directorates, and Entities, whose valuable inputs helped shape the resource allocation framework and sectoral priorities.

We appreciate the Kilifi County Assembly, particularly the Budget and Appropriations Committee, the Finance and Economic Planning Committee for their continuous support, oversight, and insightful contributions towards ensuring fiscal prudence and policy alignment with county development goals.

Additionally, we acknowledge the role of national government agencies, including the National Treasury, Commission on Revenue Allocation (CRA) and the Controller of Budget, for providing guidance on revenue-sharing mechanisms and fiscal responsibility principles.

Our sincere appreciation also goes to development partners, private sector players, civil society organizations, and members of the public who actively participated in consultations and provided valuable feedback. Their engagement and collaboration are critical in ensuring that the county's fiscal policies remain inclusive, transparent, and responsive to the needs of the people.

Finally, we commend the dedication of all stakeholders involved in the review, validation, and finalization of this document. Their collective efforts will contribute to the effective implementation of Kilifi County's fiscal and economic policies, fostering sustainable development, economic resilience, and improved service delivery.

**PHILIP EMMANUEL WARIO**  
**CHIEF OFFICER ECONOMIC PLANNING**

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## About the County Fiscal Strategy Paper(CFSP).

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1. The County Fiscal Strategy Paper(CFSP) is the County Government policy document that sets out the broad strategic priorities and policy goals to guide County departments and entities in preparing their budgets for the upcoming financial year and over the medium term. In the document, adherence to the fiscal responsibility principles demonstrates prudent and transparent management of public resources in line with the Constitution and the Public Finance Management (PFM) Act, 2012 section 107(1).
2. Under Section 117(1) of the PFM Act, 2012, the County Treasury is mandated to prepare and submit the County Fiscal Strategy Paper(CFSP) to the County Executive Committee for approval. Once approved, the document must be presented to the County Assembly by the 28th of February ensuring that the budget preparation process aligns with the statutory timelines and fiscal discipline requirements.

### The County Fiscal Strategy Paper contains:

- i. An assessment of the current state of the economy, including macroeconomic forecasts as well as the priorities of the County Government current pillars of growth and strategic directions;
  - ii. The financial outlook with respect to County Government own Source revenue, transfer of equitable share and grants from the national treasury and expenditures for the next financial year and over the medium term;
  - iii. The proposed expenditure ceilings for the County Government's line departments, divisions and entities including those of the County Assembly;
  - iv. The fiscal responsibility principles and financial objectives over the medium.
  - v. Statement of Specific Fiscal Risks.
3. The formulation of the County Fiscal Strategy Paper is an inclusive and consultative endeavor that entails soliciting, assimilating, and integrating the prevailing priorities of the current County Government while duly considering the perspectives of key stakeholders. These include the Commission on Revenue Allocation, the Controller of Budget, the County Assembly, county departments and entities, members of the public, and any other pertinent individuals or interest groups whose input is deemed instrumental in shaping the county's fiscal policy framework.

## **1.1 Overview**

4. The County Fiscal Strategy Paper (CFSP) outlines Kilifi County's fiscal priorities for the 2025/2026 financial year, focusing on key sectors such as agriculture, water, and healthcare to drive economic growth and improve livelihoods. To enhance food security, the county will expand irrigation through projects like the Kazi Kazi Irrigation Project, rehabilitate six existing schemes, and distribute essential farm inputs, including 55 tonnes of maize seed, 35 tonnes of pulses, 16 tonnes of fertilizer, agrochemicals, and cassava cuttings. Additionally, agricultural extension services will be strengthened through the establishment of an Agriculture Training Centre, training programs, and the provision of motorbikes and vehicles to extension officers for better service delivery.
5. The CFSP also prioritizes water infrastructure enhancement to improve access to clean and reliable water by expanding pipeline networks, increasing storage capacity, and modernizing distribution systems. Key pipeline projects include Chinyume to Kaloleni, Silala Ganze, and Kathama Bofu, among others. In the health sector, the county plans to upgrade and equip health facilities, ensure a consistent supply of essential medicines, and improve health logistics by acquiring pharmaceutical-grade refrigerators, a biomedical waste management truck, and a refrigerated truck for blood transportation. These strategic interventions aim to enhance service delivery, promote sustainable development, and improve the well-being of Kilifi County residents.

## **1.2 Broad Strategic Priorities**

### **1.2.1 Enhancing Food Security**

6. To enhance food security, improve livestock production, and boost fisheries development for wealth creation and community well-being, Kilifi County will implement strategic interventions across multiple areas, including irrigation expansion, improved input access, mechanization, extension services, market development, soil fertility management, and fisheries development.
7. The county will promote irrigation by developing new irrigation schemes, including the Kazi Kazi Irrigation Project, establishing model irrigation schemes in each sub-county, and rehabilitating six existing irrigation schemes to increase agricultural productivity. Additionally, to support improved crop yields, the county will facilitate access to certified seeds and inputs by purchasing 55 tonnes of maize seed, 35 tonnes of pulses, 16 tonnes of fertilizer, agrochemicals, and cassava cuttings for distribution to farmers.
8. Strengthening agricultural extension services is a key priority, with investments directed towards the development of an Agriculture Training Centre, training of officers, adoption of the Farmer Field School (FFS) model, and equipping extension staff with necessary tools such as motorbikes, riding gear, and vehicles to improve service delivery. Furthermore, the county will enhance climate resilience by developing weather advisories and finalizing four key agricultural policies. To improve soil fertility, efforts will be made to license soil scanners and provide soil testing services to farmers while promoting farm terracing in hilly areas to prevent soil erosion and increase land productivity.
9. To reduce production costs and enhance mechanization, the county will operationalize modern agricultural technologies, including the Tractor Ploughing Subsidy Programme, the purchase of AMS workshop tools, low loaders, and tractor backhoes, as well as the provision of mist blowers in each ward to support tree crop rehabilitation. Enhancing market access for agricultural products will also be a priority, with

interventions such as the provision of cottage processing equipment, conducting value chain coordination forums, developing an agro-processing hub, providing value addition and aggregation centers to improve farmers' market linkages.

10. Promoting diversified crop production is another key focus, with the county supporting farmers by distributing tree seedlings and seeds for high-value traditional crops such as pumpkins, butternuts, groundnuts, Bambara nuts, and leafy vegetables. Additionally, to improve financial inclusion for farmers, the county will work towards developing financial products tailored to different agricultural value chains, ensuring access to affordable credit facilities.
11. To improve livestock production, Kilifi County will promote fodder and pasture development by purchasing pasture seeds and cuttings and supporting pasture production and conservation efforts. Appropriate water harvesting techniques for livestock will be prioritized through the construction of water pans dedicated to livestock use. Breed improvement will be enhanced through the purchase and distribution of dairy and meat breeds, the promotion of artificial insemination, and farmer training on effective breeding programs.
12. Pest and disease control will be strengthened through extensive vaccination campaigns, disease surveillance, livestock movement control, laboratory diagnostic services, and vector control. The county will also provide farm input subsidies, including vaccines, bull semen, acaricides, spray pumps, vaccination equipment, and feed supplements to support livestock farmers.
13. Enhanced extension services will be implemented through the recruitment and capacity building of staff, facilitation of extension officers, and provision of transport to ensure effective service delivery. To improve market access, the county will construct slaughterhouses, sale yards, and milk collection and cooling centers while promoting the value addition of livestock products and ensuring proper meat inspection. Additionally, Kilifi County will encourage diversified livestock production by supporting the adoption of emerging livestock farming.
14. To further strengthen food security and economic development, the county will improve fisheries production by promoting marine and aquaculture fish production through the development of landing sites, fishing, and aquaculture infrastructure. Extension services will be enhanced through capacity development initiatives and the establishment of a fisheries training facility to equip fishers with modern techniques and best practices. Diversified farming of other marine products will be encouraged by expanding production units, while access to markets will be improved through the enhancement of fish landing infrastructure. Additionally, the county will promote sustainable fisheries governance by developing and implementing legal and policy frameworks to ensure the responsible management of marine resources.
15. Through these integrated interventions in crop and livestock production, as well as fisheries development, Kilifi County aims to strengthen food security, enhance agricultural and fisheries productivity, improve farmers' and fishers' incomes, and drive sustainable economic development across the region.

### **1.2.2 Water Infrastructure Enhancement.**

16. To enhance access to clean and reliable water across Kilifi County, the government is implementing a comprehensive water infrastructure enhancement program focused on expanding pipeline networks, increasing water storage capacity, drilling and equipping boreholes, modernizing water distribution systems, and promoting climate resilience. As part of this initiative, the county will undertake the construction and upgrade of key water pipelines, including the Chinyume to Kaloleni Pipeline Phase II (Kambe Ribe), Palakumi Mwijo Pipeline Phase III (Mwanamwinga), Silala Ganze Water Pipeline Phase II (Ganze), Kathama Bofu Phase II (Adu), Mweza Mirihini Water Pipeline (Ganze), Danicha Kitengwani Pipeline (Ganze), Kotayo to Kanyumbuni Pipeline (Marafa), Vishakani Pipeline (Kaloleni), and Mkapuni to Kadzandani Pipeline. Additional pipeline extensions will include the Chasimba M'bomboni Pipeline

(Chasimba), Ndonya to Mwembe Kumi Water Pipeline, Mferejini Mapandeni Water Pipeline, and upgrades to the Mavueni to Kwa Mwando Water Pipeline (Mnaran), Mwavumbo Mariakani Water Pipeline, Mwando Maandani Water Pipeline, Migodhomani Water Pipeline, Swere to Chidongo Water Pipeline, and the construction and upgrading of the Chauringo Line.

17. To improve groundwater access and resilience against water shortages, the county will drill, equip, and rehabilitate boreholes, including solarized boreholes at Gongoni, Makuruhi, and Walea, as well as the drilling and equipping of the Walea Borehole and completion of the Kijala Borehole. Additionally, major water storage infrastructure projects will be undertaken, including the construction of a 250 cubic meter tank at Mikomani, a GRP water tank at Mariakani, a 500 cubic meter sump tank at Mavumbo (Mariakani), and a 2500 cubic meter RCC tank at Ganze Pump Station. To enhance water pressure and distribution, the county will also install a booster pump at Tsagwa.
18. Recognizing the importance of climate resilience and water storage, the county will construct and rehabilitate key dams and water pans, including the Kaoyamambo Dam, Mwatsuma Water Pan, Kajiri Water Pan (Bamba), and Waa Dam (Kayafungo), while also rehabilitating two abandoned quarries in Tezo to serve as alternative water storage facilities. Institutional strengthening and policy reforms will play a crucial role in ensuring sustainability, with the county reviewing the Water Policy, formulating an Open Cast Mining Policy and Regulation, and developing a Sand Harvesting Policy and Regulation. Additionally, community-based committees will be established to enhance local water management, and women will be empowered in ballast mining in Kachororoni to promote economic inclusion.
19. To improve operational efficiency and service delivery, the county will invest in water infrastructure logistics and equipment, including the purchase of two field vehicles (Double Cab) for the water department, procurement of repair kits for KIMAWASCO and MAWASCO, acquisition of a terammeter for groundwater mapping, and the supply of 5000-liter (100 No.) and 10,000-liter (100 No.) water tanks to communities. Further investments will include the purchase of personal protective equipment (PPE) for water department workers, procurement of eight laptops for operational efficiency, and the acquisition of four water bowsers to support emergency water distribution.
20. Through these targeted interventions, Kilifi County aims to significantly improve water accessibility, enhance resilience to climate change, support economic growth, and improve the overall quality of life for its residents. These initiatives align with the county's broader vision of ensuring sustainable water management, promoting economic development, and fostering social well-being for all.

### 1.2.3 Strengthening Health Systems.

21. In the fiscal year 2025/2026 the County is taking a bold approach to upgrade and equip existing health facilities within the County, a comprehensive approach is in pipeline to be implemented to enhance healthcare infrastructure and service delivery. This initiative includes several key components:

#### a) Health Products and Technologies

22. The County government will continue to ensure there is a consistent supply of essential medicines for all hospitals across the county; planned interventions include the purchase of three pharmaceutical-grade refrigerators to maintain the quality and safety of medical supplies; and the acquisition of a biomedical waste management truck and a refrigerated truck for blood transportation, to manage biomedical waste effectively and ensure the safe transportation of blood and blood products.
23. In addition the county plans to train 220 staff on commodity management, focusing on efficiently handling and distributing medical supplies.
24. Level 3 and 4 hospitals will be equipped with fully equipped ambulances to improve emergency response times and patient care.

## **b) Health Infrastructure**

25. The county will give special focus all ongoing and stalled projects prioritized. The county will maximize existing investments, and the county will procure two more generators ensure continuous electricity supply, supporting the operational needs of health facilities across the county.
26. The county will focus on renovation of level 2 hospitals and modernising health care facilities to serve the needs of the citizens. This initiative will address essential infrastructure needs such as plumbing, electrical systems, roofing, and patient care areas. By focusing on enhancing the functionality and aesthetics of these dispensaries, the renovations will improve the overall healthcare experience for patients and staff.
27. To enhance specialized services, primary care level health facilities will be enhanced with basic laboratory services, improving diagnostic capabilities at the local level.
28. The county will also focus on finalizing construction and installing necessary equipment to ensure the laboratories are operational. This will enhance diagnostic capabilities and support comprehensive healthcare services, benefiting the community with timely and accurate diagnoses.
29. The specialized unit at Kilifi Referral Hospital will be completed to provide state-of-the-art facilities for physiotherapy, occupational therapy, and orthopedic care. By collaborating with medical professionals, the unit will be equipped to meet the needs of patients and support effective rehabilitation.
30. To enhance maternal and child health services the county will complete the maternity wing at Sosoni Dispensary and Kambe Dispensary by Equipping the facility with modern maternal care equipment and ensuring it is operational to provide comprehensive maternal and child health services.

## **c) Human Resources for Health**

31. To strengthen the healthcare workforce in the County, 133 new healthcare staff, including doctors, nurses, radiologists, and pharmacists, will be recruited to fill existing gaps and enhance service delivery across facilities. A structured promotion program will be introduced to recognize and advance the careers of existing staff, ensuring their continued engagement and motivation.
32. Additionally, 50 Community Health Promoters (CHPs) will be trained on Integrated Community Case Management to equip them with the skills needed to effectively address common health issues in their communities.
33. Mental health awareness will be improved by sensitizing 320 healthcare staff with a budget of 1.29 million shillings, enhancing their understanding and support for mental health issues.
34. At least 150 healthcare workers will receive comprehensive training on an expanded immunization program with a budget of 8.5 million shillings, aimed at improving their expertise in administering vaccines and managing immunization efforts.
35. To enhance community health services in Kilifi County, 4,000 Community Health Promoters (CHPs) will be contracted with a total budget of 144 million shillings, covering recruitment, training, and ongoing support to ensure they are well-equipped and motivated to effectively contribute to improving public health. To support the CHPs mobility and outreach capabilities, 700 bicycles will be procured across all wards.
36. To further support public health initiatives, 155 Early Childhood Development Education (ECDE) teachers will be sensitized on nutrition equipping them with the knowledge to promote healthy eating habits among young children and contributing to better nutritional outcomes and overall child development.
37. Family planning commodities will be distributed women to ensure women have access to essential contraceptive methods and supporting reproductive health, enabling them to make informed choices about family planning.

38. These initiatives are geared towards enhancing healthcare infrastructure, increase the number and capacity of healthcare workers, implement community health programs, and improve the quality of health services in the County, ultimately leading to better health outcomes for Kilifi residents.

## 1.2.4 Local Economic Development

39. Kilifi County is committed to enhancing the business environment to create a conducive space for traders, investors, and consumers. The ultimate goal is the operationalization of trade through structured interventions that modernize, streamline, and uplift trade infrastructure. This strategy focuses on improving both urban and rural business environments by refurbishing markets, completing stalled projects, and integrating modern trade solutions that enhance the aesthetics and functionality of commercial spaces.

### a) Urban Business Environments

40. The refurbishment of existing markets involves a comprehensive approach to upgrading infrastructure and improving functionality. Major structural repairs will be carried out, including the renovation of roofing, cabro works, and the construction of modern sanitation facilities to ensure hygiene and comfort. Accessibility will be significantly enhanced by the integration of efficient drainage systems, clearly marked loading and offloading zones, and proper signage to facilitate smooth operations. Additionally, market security will be strengthened through the installation of adequate lighting, security gates, and the creation of designated emergency exits, ensuring the safety of both vendors and customers.
41. The completion of stalled projects will focus on assessing and prioritizing the partially constructed markets and trading spaces. This process will involve ensuring the proper finishing of structures, including roofing, the installation of stall partitions, and the provision of essential utilities such as water and electricity. By addressing these key elements, the projects will be brought to full completion, creating functional and conducive environments for vendors and customers, while also enhancing the overall efficiency and accessibility of the markets.
42. The County will modernize trading spaces which will involve replacing informal structures, such as vibandas, with modern container stalls that offer traders well-structured, aesthetically appealing, and durable spaces. Additionally, standardized trading zones will be introduced to accommodate different types of vendors, ensuring organized and efficient market setups. To promote sustainability, the initiative will also encourage the use of green technologies, such as solar lighting and rainwater harvesting, reducing the environmental impact of the markets while creating a more eco-friendly and resource-efficient trading environment.
43. The improvement of urban aesthetics will focus on implementing a structured approach to urban planning, with the design of well-organized and visually appealing trade centers that enhance the overall environment. Additionally, uniform branding and signage will be promoted for market vendors, helping to create a cohesive and attractive look for business areas. To further elevate the urban landscape, urban greening initiatives will be introduced, including the planting of trees and the creation of designated seating areas for both customers and traders, fostering a more pleasant and inviting atmosphere in the markets.

## **b) Rural Business and Trading Environment**

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44. Organizing open and informal markets will involve prioritizing the use of tents as a strategic solution to bring a sense of order and structure to these spaces. This approach will not only help organize the layout but also enhance the overall aesthetics of rural markets, making them more visually appealing. By introducing tents, the markets will foster a more efficient and customer-friendly business environment, providing vendors with better-defined spaces and creating a more pleasant shopping experience for customers.
45. Expanding market access and infrastructure will focus on establishing at least three market centers per ward, each equipped with two tents as temporary structures for vendors to sell their goods. These markets will be strategically located in high-traffic areas, ensuring they are easily accessible and will encourage local entrepreneurship. Additionally, community engagement will be enhanced by integrating these markets into local development plans, transforming them into vibrant hubs for both social and economic activity. This approach will not only promote trade but also foster a sense of community and support the growth of small businesses.

## **c) Maintenance**

46. The maintenance and repair of markets and stalls will focus on ensuring that all traders' lockable stall doors are properly fixed and maintained, providing security and ease of access. In addition, faulty lights and fans will be replaced to improve the working conditions for traders, ensuring a comfortable and well-lit environment. These efforts will not only enhance the functionality of the stalls but also create a more pleasant and efficient space for both vendors and customers, promoting a better overall market experience.
47. Beautification of markets is an essential step in enhancing both their visual appeal and overall business environment. By painting both the exterior and interior of market buildings, a fresh and vibrant atmosphere is created, making the space more attractive to customers and vendors alike. This simple yet effective approach will transform an ordinary market into a visually engaging space, boosting its appeal.
48. Transitioning to solar energy for markets like Mtwapa, Oloitytip, and Kwa Jiwa will significantly reduce electricity costs and improve efficiency. By switching from the national grid to solar power, these markets will lower energy expenses, ensure a more reliable power supply, and promote environmental sustainability. This shift offers long-term economic and ecological benefits for both vendors and customers.

## **d) Health and Safety**

49. Enhancing workplace safety will involve supplying of branded PPE to market attendants and cleaners, ensuring protection from hazards. This initiative will promote a safer work environment, boost professionalism, and demonstrates a commitment to employee well-being.
50. Monthly clean-up exercises will be carried out in key markets like Mtwapa, Oloitytip, and others to help maintain cleanliness and hygiene. These structured activities will ensure a tidy environment, improve market aesthetics, and promote a healthier atmosphere for vendors and customers.

## **e) New to World**

51. The operationalization of the MOUs signed during the Kilifi County International Investment Conference aims to attract and retain investments. By putting these agreements into action, the county will create a conducive environment for business growth, foster economic development, and enhance investor confidence in the region.

52. In supporting the commercialization of the Boda Boda transport business; the County Government bold approach is to structure and formalize the sector into cooperatives and firms to ensure long-term sustainability. This approach will provide better organization, access to financial resources, and improved business practices, benefiting both riders and the broader transport sector.
53. The County will also conduct MSME meetings in sub-counties to help address challenges and explore opportunities within the sector. These engagements will provide a platform for businesses to discuss issues, share insights, and collaborate on solutions, ultimately supporting the growth and sustainability of micro, small, and medium-sized enterprises.
54. The County will develop a geo-mapping system for businesses in Kilifi to help identify and document their locations, enabling more effective planning and resource allocation. This tool will allow for better decision-making, targeted support, and efficient use of resources to foster local business growth.
55. The County aims to host an annual Business Awards Dinner to recognize and celebrate outstanding businesses that contribute to Kilifi's economic growth. This event will honor achievements, motivate entrepreneurs, and highlight the importance of business excellence in driving local development.

**f) New Look Wezesha Fund**

56. The County will streamline the disbursement process of the Wezesha Fund for MSMEs, cooperatives, and entrepreneurs to promote business growth by ensuring timely access to financial support. Additionally, the fund will be rebranded through marketing, awareness campaigns, and financial literacy programs to enhance its accessibility and help entrepreneurs better utilize the available resources for growth and sustainability.
57. The County will also develop new collection infrastructure to improve the efficiency of the fund collection, ensuring the sustainability and growth of the financing pool. Additionally, the County Government will provide training and capacity-building support to groups and SACCOS to promote responsible fund utilization, expand their businesses and achieve long-term success.

**g) The implementation approach**

58. The County Government implementation approach focuses on creating an enabling environment for traders in Kilifi through strategic actions. Public-Private Partnerships (PPPs) will engage private sector partners to fund and manage modernized trade infrastructure. Stakeholder engagement with market committees, business associations, and local traders to ensure inclusivity in the process. Strengthening the policy and regulatory framework to guide market operations and ensure compliance with standards. A robust monitoring and evaluation system to track project progress and assess their impact on trade efficiency. This strategy aims to transform Kilifi's business spaces into efficient, modern, and investor-friendly hubs, unlocking economic growth and improving livelihoods.

### **1.2.5 Transport And Connectivity**

59. Infrastructure plays a key role in opening up the County in the hinterland and reduce the cost of doing business thus driving economic growth. Upgrading and maintaining road infrastructure is essential for improving transportation and connectivity. The County aims to rehabilitate and maintain 20 km of roads to a bitumen status to ensure that these roads are more durable, thus facilitating smoother travel. The county government will continue to upgrade and maintain the existing roads in urban centres to bitumen standards. The County government also plans to construct pedestrian walkways in all major roads in urban centres.
60. Improving rural road networks is crucial for enhancing accessibility and supporting local economies. The county government will endeavour to open up roads in rural areas by constructing and maintaining the existing roads through murrasing and graveling.

61. The county will also enhance public transportation systems as a strategic effort to improve the efficiency and convenience of commuting by rehabilitating 3 bus parks. The modernization of the existing bus parks is aimed at making them more accommodating for passengers and operators. The reconstruction of the Mariakani Bus Park, and the completion of Bamba Bus Parks will further expand public transport capacity, reducing wait times and improving service reliability. Constructing new facilities like the Watamu Bus Park and the Malindi Car Park will address current and future demands for parking and transportation services.
62. Upgrading the Kilifi County Garage in its second phase for 10 million shillings will ensure the maintenance and repair of county vehicles, are conducted efficiently, extending their operational life and reliability. To reduce the cost of road maintenance, the department will procure two motor graders.
63. To ensure quick and timely response to fire disasters, the county government plans to procure 2 fire engines and construct fire stations in Shimo la Tewa Ward and Watamu Ward.

### 1.2.6 Tourism Development

64. Kilifi County, located along the coast region of Kenya, boasts of accumulating a big number of tourists every year. It captivates visitors with a weave of experiences. The blue jackets explore vibrant coral reefs in the Marine Park, while sunbathers relax on pristine beaches. Water sports enthusiasts carve through the waves, and boat trips that offer stunning sunsets and deep-sea adventures. Curious aesthetics of many options like visiting Gedi Ruins and the Portuguese Church, or learn about local heroes at the Mekatilili Wa Menza Gardens. Nature conservationists explore the Mida Creek boardwalk, Rock and Sea Bubble Eco lodge and Gourmet restaurant and the wonders of the Sokoke Forest. To ensure steady growth in this tourism sector, several measures and plans have been put in place in the fiscal year 2025/2026.
65. Tourism and cultural festivals are planned to be held in Malindi as well as conducting sports tourism in Vipingo, Kilifi and Malindi.
66. The county government is also planning to hold tourism promotions at Vipingo, Kilifi and Malindi with the rest outside. A plan is also underway to have one survey report and one tourist map which would make easy to identify more sites in the county. Also in plan, is refurbishment of tourist attraction sites in the county.
67. Mekatilili heritage and Dr. Kraph cultural sites are also set to be refurbished. Recreational benches at the beach in Kilifi, Malindi and Mtwapa are also to be increased to 10. Beach safety watch towers are to be increased in Vidazini, Mtwapa and Jacaranda. Beaches accessible to open roads are set to be increased to 2 in Watamu.
68. In order to promote and market our county tourism sector, the county is looking forward to develop tourism legislation as well as a tourism marketing plan. In place also, is the upgrading and activation of the already existing website, Kenya Riviera. The county also plans to raise more billboards at the airport entry point and signage erected in Mtwapa, Malindi, Mariakani, Kilifi and Watamu to enhance marketing.
69. The County plans to hold tourism fairs and expos which in Malindi, Watamu, Kilifi and Mtwapa as well as having 8 marketing campaigns. The current tourism product packaged and marketed which is Kenyan Riviera is set to be activated and upgraded
70. In line with supporting of community-based tourism, a number of sensitization meetings have been conducted and more planned to encourage cultural activities so as to market and preserve our heritage. This economically provides employment, local procurement of goods and services and limits the funds that leave the community. Socially, it will provides residents with high skill training and opportunities for community infrastructure development (power, roads, sanitation, water). It will promotes a more equitable community structure and the association with foreign travelers and also raise confidence and pride among the people in our community.

### 1.2.7 Early Childhood Education Development (Ecde) And Digitalization.

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71. The Early Childhood Education Development (ECDE) initiative aims to significantly enhance the quality of education by equipping centers with essential materials and integrating digital tools. The county government shall distribute play materials and outdoor equipment, ensuring that children have access to a stimulating and engaging learning environment.
72. To enhance security, fencing is planned in standalone ECDE centers. This is to ensure a safe and secure environment for young learners. This also comes with sufficient supply of teaching and learning materials to support educators in delivering quality instruction.
73. Furniture acquisition is also a priority and the county government is planning to purchase chairs and tables, creating comfortable and conducive learning spaces.
74. To address sanitation needs, toilets will be constructed to promote hygiene and health among pupils. The county will also supply 100 water tanks, ensuring consistent access to clean water.
75. For children with special needs, the plan includes constructing and equipping two hostels this to provide tailored accommodations and support their educational journey. A transport facility for differently-abled children will also be provided to facilitate their access to education. Furthermore, ECDE materials will be developed, ensuring that educational resources are continually updated and relevant.
76. Digital integration being crucial, the county government shall introduce Tayari digital literacy initiatives. To further support this, 100 digital literacy facilities will be purchased and tablets will be provided to pupils to ensure that children have access to modern educational technologies and resources.
77. For human resource development, the County plans to employ 10 staff members along with hiring 50 instructors and 300 ECDE teachers. Other than that, 3 sub-county officers will be employed, seven special needs education instructors and together with seven support staff.
78. Training programs are also prioritized to training Boards of Management (BOMs). The County has also planned for refresher courses on the CBC, Jolly Phonics, and pedagogical skills for 6,000 teachers. Plans are also underway to train 2,000 teachers on digital literacy and 8,000 teachers on sign language and Braille. Assessment of teachers is also set to be done ensuring they meet the required standards.
79. The County will also emphasize the importance of parental involvement, raising awareness about ECDE, the CBC curriculum, and child health. This includes informing parents of differently-abled children, ensuring a holistic approach to education.
80. To promote inclusive education and extracurricular activities, the County will construct seven second-generation ECDE centers. In 23 schools, 2 classrooms and 4 cubicle pit latrines will be constructed in each school to address infrastructure needs. In line is also provision of play materials and establishing 10 play hubs to enhancing children's physical and social development
81. For special needs pupils, two education centers will be constructed and equipped. Extracurricular activities are will also be encouraged by establishing a county music festival, poem, and grammar competitions, as well as games and sports competitions. To support ongoing development and improvement there shall be ECDE advisory visits and research and facilities. This comprehensive approach aims to provide a well-rounded and inclusive educational experience for all children.
82. The county government is looking forward to construct modern ICT labs and training workshops with up-to-date tools for practical learning. This will focus on fields like tech, electrical, carpentry, and plumbing to meet industry standards.
83. The County aims to introduce new vocational programs in emerging fields and other industry-relevant trades, the curricula will be aligned with current market demands.
84. Equip centers with the latest tools and resources for hands-on training across various trades to ensure tools and resources are regularly maintained and updated.

85. The County will hold forums to raise awareness about vocational education and encourage enrollment as well as hire qualified instructors, provide continuous training, and ensure quality standards and teaching trends and techniques.
86. The County aim to promote a culture of reading and lifelong learning through expanded library access, including mobile libraries in underserved areas and also support aspiring entrepreneurs with training in financial literacy, business planning, job search skills, and digital literacy to help them thrive in the modern world.
87. The County government efforts to improve community health include providing essential health information and services, alongside promoting sustainability through community gardens offering resources on nutrition and gardening.
88. The County is also committed to inspiring young learners in science, technology, engineering, and mathematics (STEM), while also fostering social cohesion and inclusivity by bringing together diverse groups through cultural and social programs.
89. The county government looks forward to refurbish and build modern libraries across the county to create innovative and creative spaces that encourage reading and intellectual engagement

### 1.3 Strategic Enablers.

90. To successfully implement its broad strategic priorities—Enhancing Food Security, Expanding Water Infrastructure, Strengthening Health Systems, Advancing Early Childhood Education Development (ECDE), Improving Transport and Connectivity, Fostering Local Economic Development, and Promoting Tourism Development—Kilifi County will undertake the following key interventions:

#### 1.3.1 Strengthening Public Finance Management and Fiscal Discipline

91. The County Government will enhance revenue collection by automating revenue systems, broadening the tax base, and minimizing leakages through strengthened enforcement. To ensure efficient resource utilization, the county will adopt Zero-Based Budgeting (ZBB) and transition from a cash-based accounting system to the accrual basis, improving financial reporting, asset management, and expenditure tracking. Additionally, the county will rationalize recurrent expenditures and increase allocations to development projects to promote economic growth.

#### 1.3.2 Expanding Infrastructure to Improve Connectivity and Market Access

92. The County will invest in road construction, rehabilitation, and maintenance to enhance movement of goods and services, facilitating trade and economic activities. Additionally, the county will develop and expand digital infrastructure to improve service delivery, support e-governance, and create opportunities in the digital economy. Investments in energy infrastructure, particularly renewable energy solutions, will also be prioritized to support industrial growth and enhance sustainability.

#### 1.3.3 Transforming Agriculture for Food Security and Economic Growth

93. To ensure food security and enhance agricultural productivity, the County will expand irrigation schemes, provide subsidized farm inputs, and promote climate-smart farming practices. Additionally, the county will support agro-processing and value addition to improve farmers' incomes, create jobs, and enhance the competitiveness of agricultural products in local and regional markets.

#### 1.3.4 Investing in Water Infrastructure for Sustainable Development

94. The County will implement large-scale water supply projects, including borehole drilling, desalination plants, and water pipeline extensions, to improve access to clean water for households, agriculture, and industry. Investments in water harvesting and conservation initiatives will enhance resilience to drought and climate change, ensuring sustainable water resource management.

### **1.3.5 Strengthening Health Systems for a Productive Workforce**

95. To improve healthcare access and quality, the County Government will invest in modernizing health facilities, recruiting additional healthcare professionals, and expanding community health programs. Special focus will be placed on maternal and child health services, preventive healthcare, and the provision of essential medical supplies to ensure a healthy and productive population.

### **1.3.6 Advancing Early Childhood Education and Human Capital Development**

96. The County will expand access to quality Early Childhood Development Education (ECDE) by constructing and equipping ECDE centers, training teachers, and improving learning materials. Further, the County will support technical and vocational training institutions to enhance youth employability and bridge skills gaps in priority economic sectors.

### **1.3.7 Promoting Local Economic Development and Industrial Growth**

97. Kilifi County will support Micro, Small, and Medium Enterprises (MSMEs) through targeted financial assistance through the Wezesha Fund, capacity-building programs, and business-friendly policies. The county will also facilitate the establishment of industrial parks and special economic zones to attract investors, stimulate manufacturing, and create employment opportunities.

### **1.3.8 Developing the Tourism Sector to Boost Economic Growth**

98. The County will position itself as a premier tourism destination by investing in tourism infrastructure, promoting eco-tourism, and marketing its cultural heritage and coastal attractions. Enhancing security, streamlining licensing procedures, and fostering partnerships with private sector players will be critical in unlocking the county's tourism potential.

### **1.3.9 Leveraging Digital Transformation for Service Efficiency and Innovation**

99. The County will accelerate digital transformation by automating county services, expanding internet connectivity, and fostering innovation hubs to support entrepreneurship and technology-driven businesses. Digital payment platforms will be strengthened to improve revenue collection and financial accountability.

### **1.3.10 Enhancing Environmental Sustainability and Climate Resilience**

100. To safeguard natural resources and mitigate climate risks, the County will implement afforestation programs, promote sustainable land use practices, and invest in renewable energy solutions such as solar and wind power. These initiatives will ensure long-term environmental sustainability while supporting economic growth.

### 1.3.11 Strengthening Governance, Policy, and Institutional Reforms

101. To enhance transparency, accountability, and public participation in governance, the County will implement robust financial oversight mechanisms, strengthen audit functions, and enforce fiscal responsibility principles. Institutional reforms will focus on improving service delivery efficiency, reducing bureaucratic bottlenecks, and ensuring that policies align with national and county development goals.

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DRAFT FOR COMMENTS

2.1 Global Economic Outlook

102. Global economy has stabilized with global growth projected at 3.2 percent in 2024 from 3.3 percent in 2023 supported by easing of global inflation and supply chain constraints (Table 2.1). The outlook reflects stronger-than-expected growth in the USA, some large emerging market economies such as India, and improved growth prospects in the UK. The main risks to the global growth outlook relate to disruptions to the disinflation process, potentially triggered by new spikes in commodity prices amid persistent geopolitical tensions, a possible resurgence of financial market volatility with adverse effects on sovereign debt markets, a deeper growth slowdown in China and an intensification of protectionist policies which would exacerbate trade tensions, reduce market efficiency, and further disrupt supply chains.

Table 1:Global Economic Performance

|                                   | Growth (%) |          |           |      |
|-----------------------------------|------------|----------|-----------|------|
|                                   | Actual     | Estimate | Projected |      |
| Economy                           | 2022       | 2023     | 2024      | 2025 |
| World                             | 3.5        | 3.3      | 3.2       | 3.2  |
| Advanced Economies                | 2.6        | 1.7      | 1.8       | 1.8  |
| Of which: USA                     | 1.9        | 2.9      | 2.8       | 2.2  |
| Euro Area                         | 3.4        | 0.4      | 0.8       | 1.2  |
| Japan                             | 1          | 1.7      | 0.3       | 1.1  |
| Emerging and Developing Economies | 4.1        | 4.4      | 4.2       | 4.2  |
| Of which: China                   | 3          | 5.2      | 4.8       | 4.5  |
| India                             | 7          | 8.2      | 7         | 6.5  |
| Sub-Saharan Africa                | 4          | 3.6      | 3.6       | 4.2  |
| Of which: South Africa            | 1.9        | 0.7      | 1.1       | 1.5  |
| Nigeria                           | 3.3        | 2.9      | 2.9       | 3.2  |
| Kenya*                            | 4.9        | 5.6      | 5.2       | 5.4  |

Source: IMF World Economic Outlook, October 2024. \*National Treasury Projection

103. Growth in the advanced economies is projected to remain stable at 1.8 percent in 2024 and 2025 from 1.7 percent in 2023. In the United States, growth is projected at 2.8 percent in 2024 on account of stronger outturns in consumption and non-residential investment and demand factors in the labor market. Growth is anticipated to slow to 2.2 percent in 2025 as fiscal policy is gradually tightened and a cooling labor market slows consumption. Growth in the euro area is expected to recover as a result of better export performance, in particular of goods, stronger domestic demand, rising real wages which are expected to boost consumption, and a gradual loosening of monetary policy which is expected to support investment. However, growth in

Japan is expected to slow down reflecting temporary supply disruptions and fading of one-off factors that boosted activity in 2023, such as the surge in tourism.

104. Growth in emerging markets and developing economies is projected to remain stable at 3.6 percent in 2024 and 2025, with divergence across major economies. At the regional level, growth in Sub-Saharan Africa is expected to rebound to 4.2 percent in 2025 from 3.6 percent in 2024 and 2023. This growth is driven by improved economic activities as the adverse impacts of prior weather shocks subside and supply constraints gradually ease.

## 2.2 Domestic Economic Performance

105. The Kenyan economy remained strong and resilient in the first three quarters of 2024 despite its growth being relatively slower than the corresponding period in 2023. In the first three quarters of 2024, the economic growth averaged 4.5 percent (5.0 percent Q1, 4.6 percent Q2 and 4.0 percent in Q3) compared to an average growth of 5.6 percent (5.5 percent Q1, 5.6 percent Q2 and 6.0 percent in Q3) in 2023. The growth in the first three quarters of 2024 was primarily underpinned by strong performance in the agriculture sector, a slight recovery of the manufacturing sector, and the resilience of services sector. All the economic sub-sectors except mining and construction recorded positive growth rates in the first the quarters of 2024, though the magnitudes varied across the economic activities (Table 2.2). The diversified structure of the Kenyan economy remains a key source of resilience to domestic and external shocks.

**Table 2: Sectoral GDP Performance**

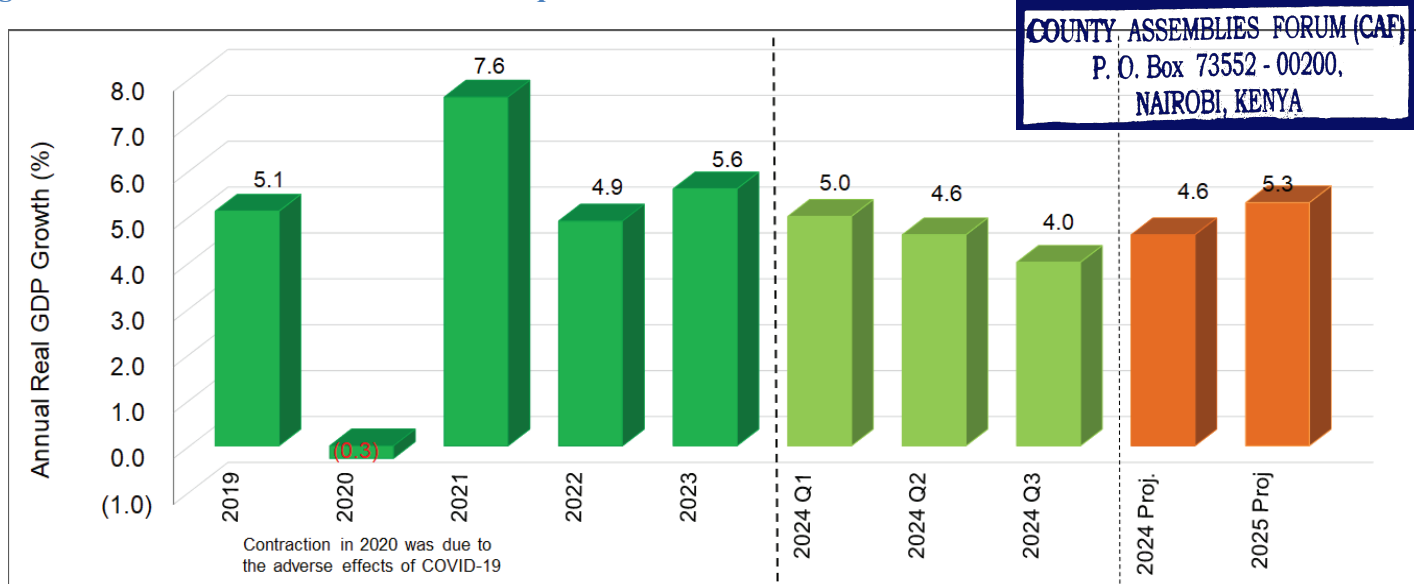
| Sectors                                          | Annual Growth Rates |      | Quarterly Growth Rates |         |         |         |         |         |
|--------------------------------------------------|---------------------|------|------------------------|---------|---------|---------|---------|---------|
|                                                  | 2022                | 2023 | 2023 Q1                | 2023 Q2 | 2023 Q4 | 2024 Q1 | 2024 Q2 | 2024 Q3 |
| 1. Primary Industry                              | -0.8                | 5.6  | 5.3                    | 6.9     | 5.3     | 5       | 4.4     | 3.2     |
| 1.1. Agriculture, Forestry and Fishing           | -1.5                | 6.5  | 6.4                    | 7.8     | 6.2     | 6.1     | 4.8     | 4.2     |
| 1.2. Mining & Quarrying                          | 9.3                 | -6.5 | -11                    | -8.3    | -6.9    | -14.8   | -2.7    | -11.1   |
| 2. Secondary Sector (Industry)                   | 3.5                 | 2.5  | 2.5                    | 2.1     | 2       | 1       | 0.8     | 0.6     |
| 2.1. Manufacturing                               | 2.6                 | 2    | 1.7                    | 1.5     | 2       | 1.2     | 3.3     | 2.3     |
| 2.2. Electricity & Water supply                  | 5.5                 | 2.8  | 3.7                    | 2.8     | 1.3     | 2.4     | 1       | 0.9     |
| 2.3. Construction                                | 4.1                 | 3    | 3                      | 2.7     | 2.2     | 0.1     | -2.9    | -2      |
| 3. Tertiary sector (Services)                    | 6.6                 | 6.8  | 6.5                    | 6.7     | 6.3     | 6.2     | 5.3     | 5.3     |
| 3.1. Wholesale & Retail Trade                    | 3.5                 | 2.7  | 2.9                    | 2.1     | 2.8     | 4.9     | 4.4     | 4.8     |
| 3.2. Accommodation & restaurant                  | 26.8                | 33.6 | 47.1                   | 42.7    | 18.1    | 28      | 26.6    | 13.7    |
| 3.3. Transport & Storage                         | 5.8                 | 6.2  | 6.6                    | 4.6     | 8.5     | 3.9     | 3.6     | 5.2     |
| 3.4. Information & Communication                 | 9                   | 9.3  | 9.5                    | 7.6     | 11      | 7.8     | 7.2     | 6.1     |
| 3.5. Financial and Insurance                     | 12                  | 10.1 | 5.9                    | 13.2    | 6.3     | 7       | 5.1     | 4.7     |
| 3.6. Public Administration                       | 5.1                 | 4.6  | 7.6                    | 3.2     | 3.4     | 5.8     | 5.1     | 5.4     |
| 3.7. Others                                      | 5.3                 | 6.1  | 5.7                    | 5.9     | 6.1     | 5.9     | 5.1     | 5.1     |
| of which: Professional, Admin & Support Services | 9.4                 | 9.4  | 8.6                    | 6.6     | 12.8    | 9.9     | 6.8     | 7.8     |
| Real estate                                      | 4.5                 | 7.3  | 7.3                    | 8.1     | 6.2     | 6.6     | 6       | 5.5     |
| Education                                        | 5.2                 | 3.1  | 2                      | 3.1     | 3.9     | 4       | 3.1     | 3.8     |

|                      |     |     |     |     |     |     |     |     |
|----------------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Health               | 3.4 | 4.9 | 5.1 | 4.7 | 4.8 | 5.5 | 5.5 | 4.4 |
| Taxes less subsidies | 6.7 | 2.2 | 3   | 1.8 | 2   | 4   | 1.1 | 1.1 |
| Real GDP             | 4.9 | 5.6 | 5.5 | 5.6 | 5.1 | 5   | 4.6 | 4   |

Source: Kenya National Bureau of Statistics

106. The primary sector grew by an average of 4.2 percent in the first three quarters of 2024 (5.0 percent in the first quarter, 4.4 percent in the second quarter and 3.2 percent in the third quarter) mainly supported by strong agricultural activities despite a contraction in mining and quarrying. In the first three quarters of 2024, the agriculture sector remained robust growing by 6.1 percent in the first quarter, 4.8 percent in the second quarter and 4.2 percent in the third quarter. This growth was supported by favorable weather conditions and the impact of Government interventions to lower the cost of production. However, the sectors' performance was somewhat curtailed by heavy rains and floods, between March and June 2024, that led to loss of livestock and damage to croplands.
107. Activities in Mining and Quarrying contracted in the first three quarters of 2024 mainly due to a decline in production of most minerals such as titanium, soda ash and gemstone. This was as a result of the closure of Kwale miner Base Titanium which formally shut down its mining activity in Kenya in December 2024 due to depletion of commercially viable ore.
108. Industrial sector performance remained subdued, with growth of the sector slowing down to an average of 0.8 percent in the first three quarters of 2024 (1.0 percent Q1, 0.8 percent Q2 and 0.6 percent Q3). This was mainly on account of a slowdown in activities from electricity & water supply and contraction of the construction sub-sectors. The slowed growth in electricity & water supply was due to a decline in generation of electricity from geothermal, wind and solar while the contraction in construction sector is due to a slowdown in public sector infrastructure projects. Activities in the manufacturing sector, which accounts for nearly half of the industrial sector output, was supported by significant growths in the manufacture of food while the non-food manufacturing activities recorded varied performance.
109. The activities in the services sector continued to sustain strong growth momentum in the first three quarters of 2024 averaging 5.6 percent (6.2 percent Q1, 5.3 percent Q2 and 5.3 percent Q3). The performance was largely characterized by significant growths in accommodation and food service, financial and insurance, information and communication, real estate, and wholesale and retail trade sub-sectors. Accommodation and restaurant service sub-sector benefited from several high-profile international conferences held in Nairobi between April and June 2024 that attracted significant international participation. Growth in the information and communication sub-sector was supported by increased voice traffic, internet use and mobile money despite a decline in the use of domestic Short Messaging Services (SMSs).
110. Taking into account the performance of the economy in the first three quarters of 2024 and the slowdown in private sector credit growth to key sectors of the economy growth is estimated to expand overall by 4.6 percent in 2024 and 5.3 percent in 2025. These projections are mainly supported by: a robust services sector and recovery of manufacturing sector; robust agricultural productivity and improvement in exports. The outlook will be reinforced by implementation of policies and reforms under the priority sectors of the Bottom-Up Economic Transformation Agenda (BETA) and improvement in aggregate demand. Additionally, implementation of prudent fiscal and monetary policies will continue to support economic activity (Figure 1).

**Figure 1: Annual Real GDP Growth Rates, percent**

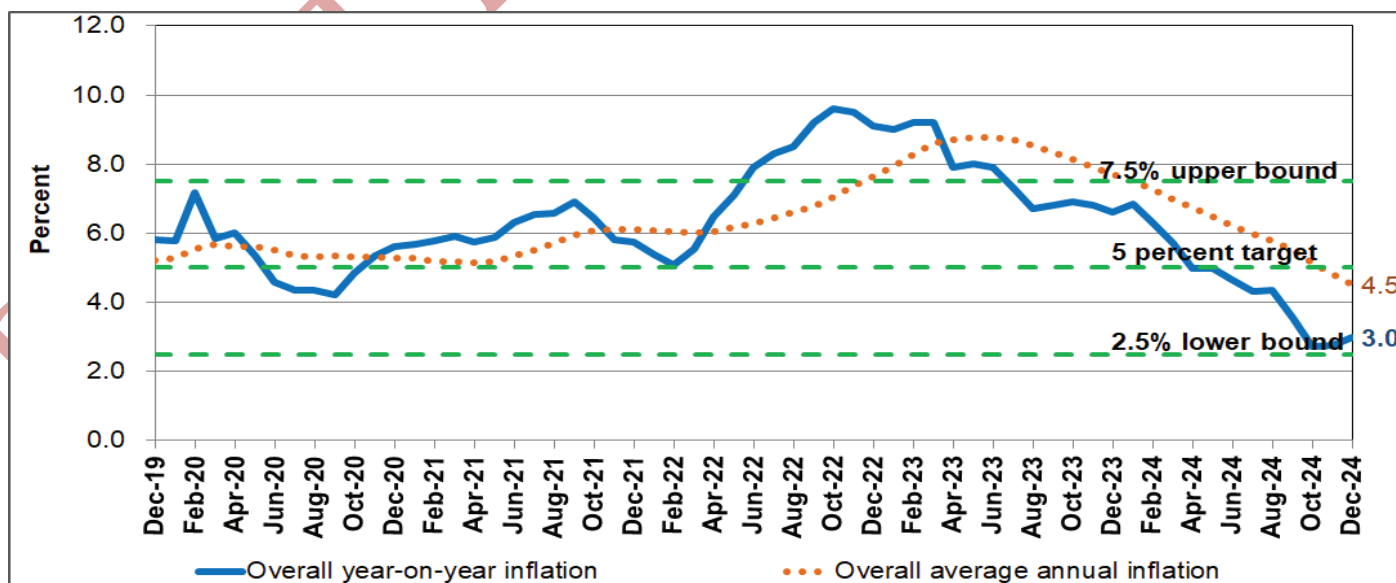


Source of Data: Kenya National Bureau of Statistic

## 2.3 Inflation Developments

111. Overall inflation declined and has remained below the mid-point of the target band of 5.0 percent since June 2024, mainly reflecting significant declines in energy prices and continued easing of food prices. Inflation declined to 3.0 percent in December 2024 from 6.6 percent in December 2024 and a peak of 9.6 percent in October 2022 (Figure 2). Easing inflation has been supported by abundant supply of food arising from favorable weather conditions, lower fuel inflation attributed to appreciation of the exchange rate and lower international oil prices, and the decline in non-food non-fuel (NFFNF) inflation reflecting impact of previous monetary policy tightening.

**Figure 2: Inflation Rate, Percent**



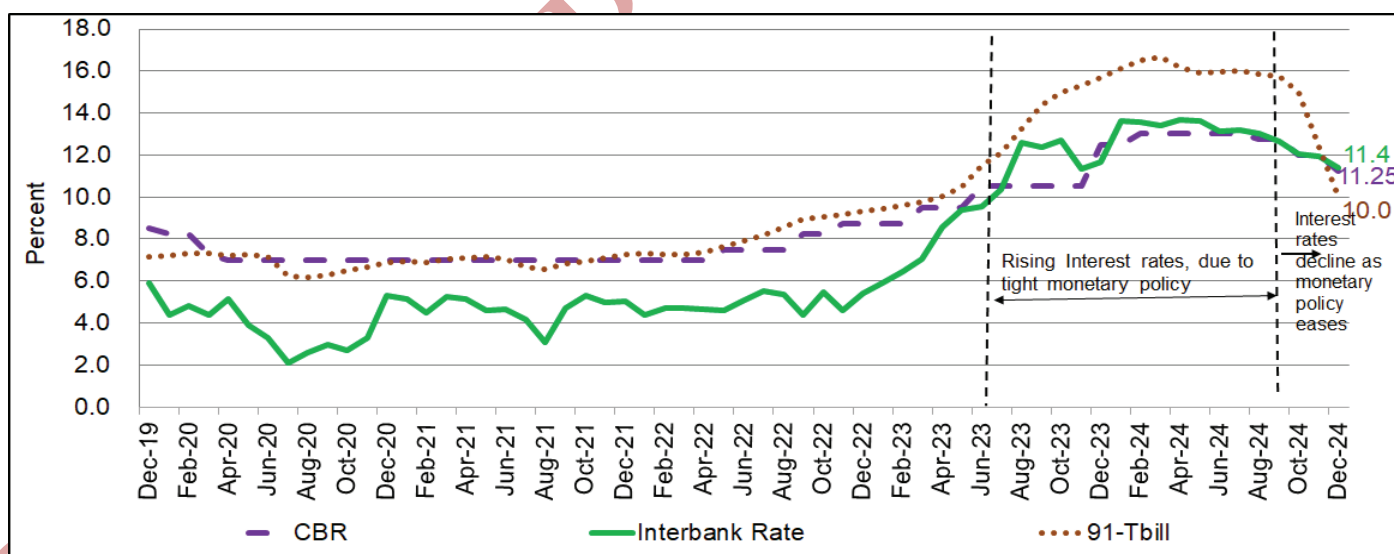
Source of Data: Kenya National Bureau of Statistics

112. Food inflation remained a key driver of overall year-on-year inflation though it declined to 4.8 percent in December 2024 from 7.7 percent in December 2023. The easing of food prices was driven by increased food supply arising from favorable weather conditions, continued Government intervention in the market particularly through subsidized fertilizer, and the general easing of international food prices. Prices of most vegetable food items increased in the month of December 2024 compared to the same period in 2023 while those of non-vegetable food items declined significantly during the same period.
113. Fuel inflation declined to -1.0 percent in December 2024 from 13.7 percent in December 2023. The decline largely reflected the easing global oil prices and appreciation of the Kenya Shilling's which resulted in a downward adjustment of pump prices; and lower electricity prices. Core (non-food non-fuel) inflation has remained low and stable reflecting the impact of tight monetary policy and muted demand pressures.
114. Given that inflation is below the mid-point of the target range and the exchange rate has stabilized, the Central Bank of Kenya through the Monetary Policy Committee (MPC) has gradually eased monetary policy by lowering the Central Bank Rate (CBR), initially to 12.75 percent from 13 percent in August 2024 to 12.0 percent in October 2024 and further to 11.25 percent in December 2024. The easing of the monetary policy stance is aimed at improving credit to the private sector thereby supporting economic activities.

## 2.4 Interest Rates Developments

115. Interest rates have declined in line with the easing of the monetary policy. The interbank rate declined to 11.4 percent in December 2024 compared to 11.7 percent in December 2023 and has remained within the prescribed corridor around the CBR (set at  $CBR \pm 150$  basis points). The 91-day Treasury Bills rate also declined to 10.0 percent in December 2024 from 15.7 percent in December 2023 (Figure 3).

*Figure 3: Short Term Interest Rates, Percent*



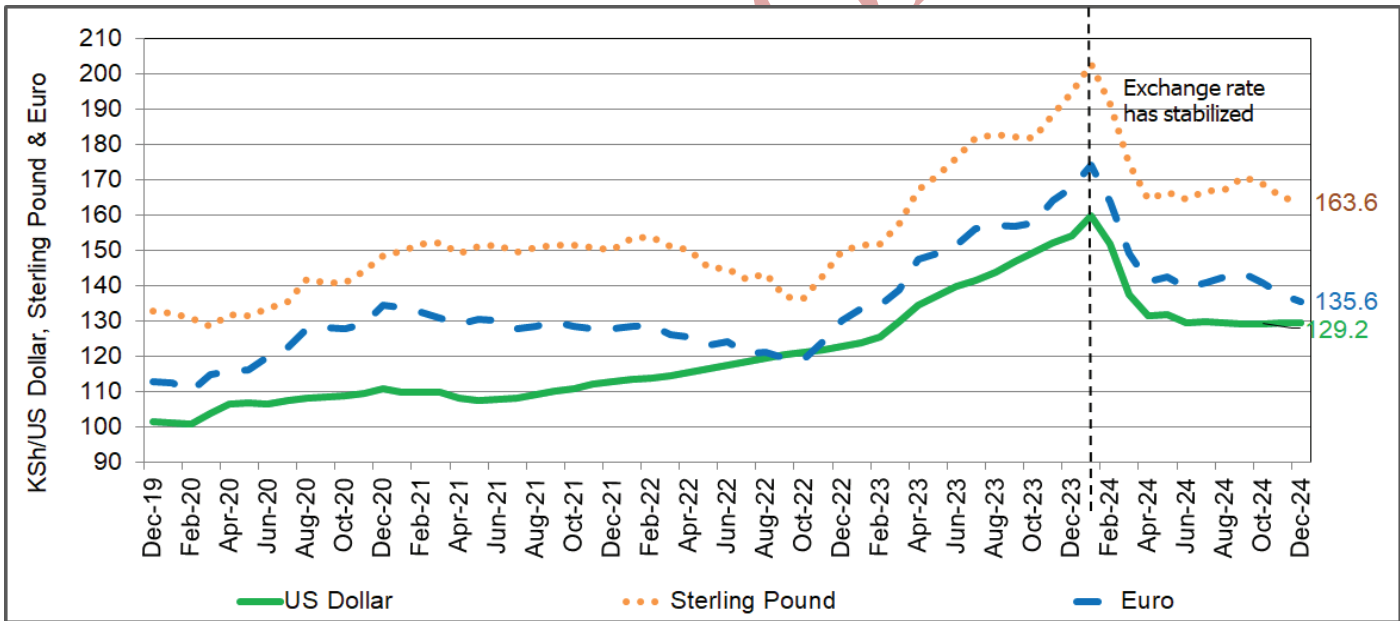
Source of Data: Central Bank of Kenya

116. Commercial banks average lending and deposit rates increased in the year to November 2024 in tandem with prevailing tight monetary policy stance thereby reflecting high cost of investable funds. The average lending rate increased to 17.2 percent in November 2024 from 14.6 percent in November 2023 while the average deposit rate increased to 10.4 percent from 10.1 percent over the same period. Consequently, the average interest rate spread increased to 6.8 percent in November 2024 from 4.5 percent in November 2023.

2.4 Exchange Rate Developments

117. The foreign exchange market remained stable in 2024 despite increased global uncertainty and effects of a stronger U.S. Dollar and geopolitical tensions in the Middle East. The Kenya Shilling exchange rate was weaker at the turn of the year but strengthened against the U.S. Dollar from mid-February 2024 and has now stabilized against major international currencies. In December 2024, the exchange rate against the US dollar averaged at Ksh 129.4 compared to an average of Ksh 159.7 in January 2024, an appreciation of 19.0 percent. Against the Euro, the Kenya shilling strengthened by 22.2 percent to exchange at an average of Ksh 135.6 in December 2024 compared to an average of Ksh 174.3 in January 2024 while against the Sterling Pound the Kenyan Shilling strengthened by 19.3 percent to exchange at an average of Ksh 163.6 compared to an average Ksh 202.9, over the same period (Figure 4).
118. The foreign exchange market was mainly supported by inflows from agricultural exports, remittances and portfolio investors while demand was driven by pickup in economic activities specifically in the manufacturing, wholesale, and retail sub-sectors. The appreciation and stability of the exchange rate has created confidence and triggered inflows of foreign direct investment and attracted investors to the Nairobi Securities Exchange. This appreciation has helped to reduce debt service costs, improve performance of domestic borrowing and stabilize interest rates.

Figure 4: Kenya Shillings Exchange Rate



Source of Data: Central Bank of Kenya

2.5 Economic Outlook

119. The economic outlook for both the global and domestic markets presents a mixed but cautiously optimistic view, with challenges and opportunities on the horizon. As we look forward to 2025 and beyond, key factors influencing economic growth will include global trends, national economic policies, and local dynamics that directly impact economic performance.

### 2.5.1. Global Growth Outlook

120. The global economic outlook for 2024 and 2025 reflects a moderate recovery with global growth expected to stabilize at approximately 3.2 percent, slightly down from 3.3 percent in 2023. Projected growth is supported by a reduction in global inflationary pressures and easing of supply chain disruptions. Key contributors to the positive outlook include stronger-than-anticipated growth in major economies such as the United States, along with solid performance in emerging markets like India and an improved economic environment in the United Kingdom.
121. However, several risks remain that could threaten global growth momentum. These include the potential reversal of disinflationary trends due to spikes in commodity prices amid ongoing geopolitical tensions, volatility in financial markets with possible repercussions on sovereign debt, a potential deepening of the economic slowdown in China, and the escalation of protectionist measures that could disrupt global trade, reduce market efficiency, and further strain global supply chains.

### 2.5.2 Domestic Growth Outlook

122. Growth is expected to pick up to 5.3 percent in 2025 and retain the same momentum over the medium term. The projected growth in 2025 and over the medium term will benefit from the enhanced agricultural productivity and a resilient services sector.
123. Agriculture productivity is expected to be largely driven by favorable weather conditions and productivity-enhancing government interventions. However, the growth in the sector is expected to average around 3.0 percent in line with trend.
124. The services sector is projected to remain resilient growing at an average of 6.6 percent over the medium term. Reforms in ICT sector is expected to boost growth in financial services, health, and public administration while
125. Accommodation and restaurant subsectors will be boosted by Government's effort to revamp the sector, through promotion of high-profile international conference, cultural festivals and promoting wildlife safaris. The industrial sector is projected to grow from 0.9 percent in 2024 to 2.2 percent in 2025 and above 3.0 percent over the medium term.
126. Growth in industry will be supported by reduction in costs of production and easing of exchange rate pressures. Additionally, the ongoing initiatives by the Government to support value addition is expected to boost growth in industry.
127. On the demand side, aggregate domestic demand is expected to remain resilient even as public sector consolidates with the private sector playing a stronger role in the medium-term recovery. This growth will be supported by improvement in the external account supported by strong export growth and resilient remittances.
128. Consumption is projected to average around 87.4 percent of GDP in 2025 and over the medium term driven by lower recurrent spending by the Government and relatively lower household disposable income as credit to the private sector gradually recovers. The easing of inflationary pressures will result in strong household disposable income, which will in turn support household consumption. Moreover, remittance inflows to Kenya are projected to remain resilient, providing further support to household incomes.
129. At the County level, Kilifi County experienced a mixed economic performance, influenced by both persistent challenges and positive developments across key sectors. The county's economy, which is primarily driven by agriculture, tourism, and fishing, showed signs of resilience despite facing significant headwinds such as climate change impacts, high poverty levels, and youth unemployment.
130. The county continues to face high levels of poverty and inequality, which have been exacerbated by the ongoing economic challenges. Many households remain vulnerable to food insecurity, particularly in rural areas where agriculture is the primary source of income.

131. The county government, in collaboration with national and international partners, has implemented social protection programs aimed at supporting vulnerable populations, including cash transfers and food aid. Despite these efforts, the scale of poverty reduction has been slow, and there is a need for more targeted interventions to address the root causes of poverty, such as improving access to education, healthcare, and economic opportunities. The county's development strategy emphasizes inclusive growth, but achieving this goal will require sustained efforts and effective resource allocation.

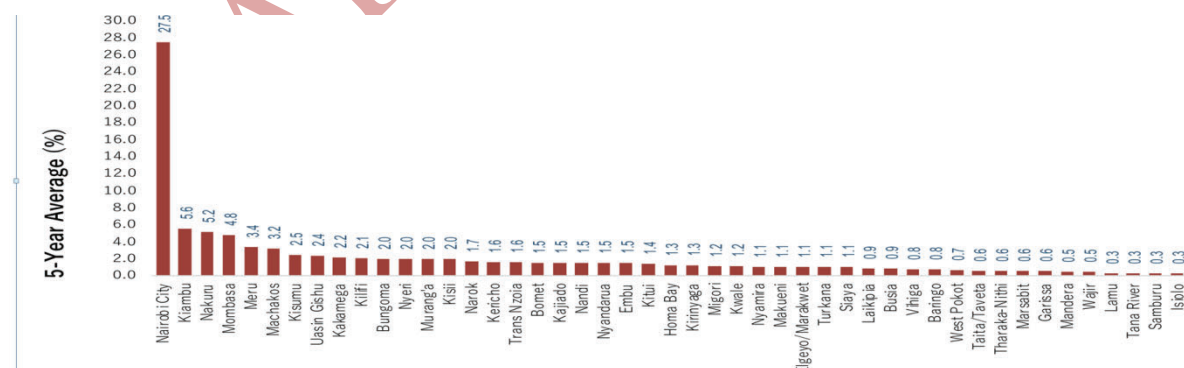
### 2.5.3 Kilifi County Growth Outlook

132. Kilifi County's economic outlook for 2024 and the medium term is cautiously optimistic, with moderate growth expected across key sectors. Agriculture, particularly small-scale farming and agribusiness, remains the county's largest economic driver. Enhanced agricultural productivity, driven by improved irrigation, better farming practices, and diversification into high-value crops, will continue to support the county's growth.
133. The tourism sector, bolstered by Kilifi's coastal attractions, is also expected to see a modest recovery, supported by increased domestic and regional tourism, as well as investments in infrastructure. Kilifi's services sector, including trade, hospitality, and retail, will continue to benefit from both local demand and the expanding regional economy.
134. Infrastructure development, particularly in roads, water supply, and electricity, is poised to be a key enabler of growth, enhancing the county's investment climate and accessibility. The ongoing focus on improving public service delivery and governance is also expected to create a conducive environment for business growth and job creation.
135. However, the county faces risks from external factors such as global commodity price fluctuations, which could affect agricultural input costs, and internal challenges, such as delayed infrastructure projects or fiscal constraints. By leveraging its agricultural and tourism potential while improving infrastructure and human capital, Kilifi County can achieve steady, sustainable growth in the coming years.

### 2.5.4 Main macroeconomic Indicators.

136. Kilifi County's Gross County Product (GCP) is valued at KES 296.37 billion at current prices, as per the 2024 GCP Report by KNBS. This translates to a five-year average contribution of 2.1% to the national Gross Value Added (GVA), reflecting the county's relative share of the Gross Domestic Product (GDP). This trend highlights Kilifi's economic positioning and growth trajectory within the national economy.

**Figure 5: 5 year average GCP**



Data Source: KNBS, GCP report 2024.

137. Over the past five years (2019-2023), Kilifi County's agricultural sector has maintained an average contribution of 1.8% to the national GDP, underscoring its role in supporting overall economic performance.

During the same period, the county's manufacturing sector—comprising both formal enterprises and informal household-based manufacturing activities—accounted for an average of 4.6% of the county's manufacturing Gross Value Added (GVA).

138. Kilifi County's secondary sector, largely driven by mining and quarrying activities, contributed an average of 1.1% to the national secondary sector GVA. In terms of economic growth, the county registered an average real GCP growth rate of 5.0% relative to the national economy's Gross Value Added (GVA) growth from 2019 to 2023. Additionally, Kilifi County recorded a Gross County Product per capita of KES 185,582 over the same period, reflecting its economic output on a per-person basis.

**Figure 6:GCP by Economic Activity at Current Prices, 2023 Ksh,Millions.**

GCP by Economic Activity at Current Prices, 2023 Ksh,Millions

| Agriculture,Forestry and Fishing | Mining and Quarrying | Manufacturing | Electricity Supply | Water supply;waste collection | construction | wholesale&retail trade;Repair of motorvehicles | Transport Storage | Accommodation&food service activities | Information and Communication |
|----------------------------------|----------------------|---------------|--------------------|-------------------------------|--------------|------------------------------------------------|-------------------|---------------------------------------|-------------------------------|
| 59,907                           | 5,195                | 53,650        | 6,404              | 2,217                         | 3,315        | 14,429                                         | 52,252            | 6,181                                 | 7,636                         |

GCP by Economic Activity at Current Prices, 2023 Ksh,Millions (cont'd)

| Financial&Insurance activities | Real estate activities | professional &Technical services | Administrative support services | Public administration and defense | Education | Human health &Social work activities | other services activities | Financial services indirectly measured | GCP     |
|--------------------------------|------------------------|----------------------------------|---------------------------------|-----------------------------------|-----------|--------------------------------------|---------------------------|----------------------------------------|---------|
| 5,264                          | 24,405                 | 4,748                            | 3,155                           | 19,533                            | 16,141    | 5,816                                | 7,969                     | -1,848                                 | 296,368 |

GCP by Economic Activity at Current Prices, 2022 Ksh,Millions

| Agriculture,Forestry and Fishing | Mining and Quarrying | Manufacturing | Electricity Supply | Water supply;waste collection | construction | wholesale&retail trade;Repair of motorvehicles | Transport Storage | Accommodation&food service activities | Information and Communication |
|----------------------------------|----------------------|---------------|--------------------|-------------------------------|--------------|------------------------------------------------|-------------------|---------------------------------------|-------------------------------|
| 51,778                           | 5,988                | 48,360        | 5,266              | 2,365                         | 3,131        | 13,146                                         | 45,136            | 4,725                                 | 7,152                         |

GCP by Economic Activity at Current Prices, 2022 Ksh,Millions (cont'd)

| Financial&Insurance activities | Real estate activities | professional &Technical services | Administrative support services | Public administration and defense | Education | Human health &Social work activities | other services activities | Financial services indirectly measured | GCP     |
|--------------------------------|------------------------|----------------------------------|---------------------------------|-----------------------------------|-----------|--------------------------------------|---------------------------|----------------------------------------|---------|
| 4,415                          | 22,406                 | 4,343                            | 2,665                           | 15,981                            | 15,225    | 5,193                                | 7,383                     | -1,482                                 | 263,179 |

Data Source: KNBS, GCP report 2024.

## 2.6 Risks to the Economic Outlook

139. Kilifi County, like many counties in Kenya, faces a range of risks that could impact its economic outlook in 2025 and the medium term. These risks may arise from both internal and external factors, and understanding them is critical for effective planning, risk mitigation, and ensuring that the county remains on a sustainable growth trajectory. Below are the key risks Kilifi County may face:

COUNTY ASSEMBLIES FORUM (CAF)  
P.O. Box 73552-00200  
NAIROBI, KENYA

### 2.6.1 Climate and Environmental Risks

140. Kilifi County is prone to climate-related risks due to its coastal location and dependence on agriculture, particularly subsistence farming. These risks include:
141. **Droughts and Water Scarcity:** Kilifi is vulnerable to prolonged periods of drought, which can significantly affect agricultural productivity and water supply. These events can lead to reduced crop yields, food insecurity, and increased poverty levels, particularly in rural areas.
142. **Flooding and Coastal Erosion:** Heavy rainfall during the rainy season can lead to flooding, particularly in low-lying areas, while coastal erosion threatens vital infrastructure such as roads, tourism facilities, and agricultural lands.
143. **Impact of Climate Change:** Long-term shifts in weather patterns due to climate change may affect farming and fishing industries, further impacting the livelihoods of many Kilifi residents.
144. **Mitigation Measures:** The county will invest in climate-resilient infrastructure, water harvesting technologies, disaster preparedness programs, and sustainable land management practices.

### 2.6.2 Economic Shocks

145. **National Economic Instability:** Kilifi County's economic performance is closely tied to the national economic environment. Fluctuations in national GDP growth, inflation, exchange rates, and interest rates influence the county's fiscal performance. A slowdown in national economic growth could translate into reduced revenue allocations from the national government, affecting service delivery and development programs.
146. **Commodity Price Volatility:** Kilifi's economy depends partly on agriculture and fishing. Changes in global commodity prices, such as the price of maize, fish, and other key exports, can directly affect income levels, job creation, and household well-being.
147. **Mitigation Measures:** The county will diversify its economic base, invest in value addition, and encourage private sector involvement to cushion against external shocks.

### 2.6.3 Fiscal Risks

148. **Revenue Shortfalls:** Kilifi's reliance on both local revenue collection and transfers from the national government creates fiscal risks. Any shortfall in revenue collection—due to inefficiencies, tax evasion, or broader economic challenges—could lead to budget deficits and hinder the implementation of key projects.
149. **Over-reliance on National Transfers:** Kilifi County, like many others, relies heavily on national government transfers for its budget. Any reduction or delay in these transfers, due to fiscal challenges at the national level, could disrupt the county's development plans.
150. **Mitigation Measures:** The county will continue to strengthen local revenue collection systems, improving fiscal management practices, and advocating for equitable allocation of national resources to help mitigate fiscal risks.

#### 2.6.4 Infrastructure and Investment Risks

151. **Inadequate Infrastructure:** Kilifi County faces infrastructure challenges, including poor road networks, limited access to reliable electricity, and inadequate healthcare and education facilities. These infrastructure deficits hinder economic growth, particularly in rural areas, and could deter potential investors.
152. **Underdeveloped Industrial Base:** The county's reliance on agriculture and tourism as major economic sectors leaves it vulnerable to external shocks and limited opportunities for diversification.
153. **Mitigation Measures:** Prioritize infrastructure development and create an enabling environment for investment in other sectors, such as manufacturing and technology, to reduce dependency on agriculture and tourism.

#### 2.6.5 Governance Risks

154. **Governance Challenges:** Inefficiencies in public sector governance, corruption, and lack of transparency in managing county resources could undermine fiscal discipline and hinder the effective implementation of county development plans.
155. **Mitigation Measures:** The county will strengthen governance institutions, promote public participation in decision-making, and ensure that county leadership remains accountable to its citizens in order to mitigate governance risks.

#### 2.6.6 Social Risks

156. **Poverty and Inequality:** Despite progress, Kilifi County still faces significant poverty and inequality, particularly in rural and marginalized communities. Rising poverty levels and unemployment could lead to social unrest and instability, which would disrupt development efforts.
157. **Youth Unemployment:** The county faces a high rate of youth unemployment, which could result in increased crime rates, migration to urban areas, and a loss of human capital in the region.
158. **Mitigation Measures:** Enhance social protection programs, promote youth entrepreneurship, and invest in skills development and education to create employment opportunities.

#### 2.6.7 Public Health Risks

159. **Health System Capacity:** Kilifi County faces health challenges, including limited access to healthcare in remote areas, inadequate health infrastructure, and the potential for outbreaks of diseases like malaria, cholera, and dengue fever. Public health emergencies, such as pandemics, can disrupt economic activities and place additional strain on the county's fiscal resources.
160. **Disease Burden:** High disease burden, particularly malaria, HIV/AIDS, and non-communicable diseases, continues to affect productivity and quality of life in the county.
161. **Mitigation Measures:** The county will continue to strengthen the healthcare system, increase funding for disease prevention and treatment programs, and ensure adequate emergency preparedness for public health crises.

#### 2.6.8 Technological Risks

162. **Digital Divide:** Despite progress in digital technologies, there remains a significant digital divide between urban and rural areas of Kilifi. Limited access to reliable internet, mobile services, and digital infrastructure could hinder economic opportunities, especially for the youth and businesses.

163. **Cybersecurity Risks:** As the county increasingly adopts digital platforms for service delivery and economic activities, there is a risk of cyberattacks or data breaches, which could compromise data integrity and disrupt services.
164. **Mitigation Measures:** Improve digital infrastructure and invest in digital literacy programs to bridge the gap, while also strengthening cybersecurity measures to safeguard county systems.

## 2.7 Fiscal Discipline and Compliance with Fiscal Rules.

### 2.7.1 Fiscal Performance for Kilifi County

165. The fiscal performance of Kilifi County has shown steady progress in recent years, though it faces several challenges that could impact its ability to maintain sustainable growth. The county's fiscal performance is measured by its revenue collection, expenditure management, and its ability to adhere to fiscal responsibility principles set by the Public Finance Management Act (PFMA).

### 2.7.2 Revenue Performance

Kilifi County's revenue collection performance has largely been driven by two main sources: transfers from the national government and local revenue collection.

#### a) National Government Transfers

166. The county continues to rely heavily on transfers from the national government, primarily the equitable share, conditional grants, and other specific transfers. In recent years, Kilifi has received a steady allocation from the national government, which has been crucial in funding the county's development programs and recurrent expenditures. However, the county is vulnerable to any reductions in national revenue, as seen in previous fiscal years, which could threaten its ability to meet fiscal targets.

**Table 3: Equitable Share (Kshs. Millions)**

| Financial Year | Amount  |
|----------------|---------|
| 2012/13        | 280     |
| 2013/14        | 5,443   |
| 2014/15        | 6,492   |
| 2015/16        | 7,441   |
| 2016/17        | 8,029   |
| 2017/18        | 9,951   |
| 2018/19        | 10,833  |
| 2019/20        | 10,445  |
| 2020/21        | 10,445  |
| 2021/22        | 11,642  |
| 2022/23        | 11,642  |
| 2023/24        | 12,109  |
| 2024/25        | 12,555  |
| Total          | 117,307 |

167. The Equitable Share Allocation to Kilifi County has steadily increased from KES 280 million in 2012/13 to KES 12.56 billion in 2024/25, reflecting the growth in national revenue and devolution. The most significant jump occurred between 2012/13 and 2013/14, rising from KES 280 million to KES 5.44 billion as devolution took full effect.
168. From 2014/15 to 2018/19, the allocation grew consistently, reaching KES 10.83 billion, driven by increased national revenue and county expenditure needs. However, between 2019/20 and 2022/23, the allocation stagnated at KES 10.45 billion and later KES 11.64 billion, likely due to economic slowdowns and national budget constraints.
169. In 2023/24 and 2024/25, the allocation resumed growth, rising to KES 12.11 billion and KES 12.56 billion, reflecting economic recovery and inflation adjustments. While the overall trend is positive, Kilifi County must enhance own-source revenue collection to reduce reliance on national transfers and ensure fiscal sustainability.

#### b) Local Revenue Collection

170. Local revenue generation has been a mixed performance area for Kilifi. While there has been an increase in local revenues, largely from cession natural resources, property rates, business licenses, and market fees, the county still faces challenges in revenue mobilization. Inefficiencies in revenue collection systems, coupled with a large informal economy, have constrained the county's capacity to fully harness its revenue potential. Despite these challenges, Kilifi has taken steps to improve local revenue collection by investing in digital payment systems and enhancing enforcement of tax laws.

**Table 4: Own Source Revenue Actual Collection**

| Revenue Stream                        | Financial Year |             |             |
|---------------------------------------|----------------|-------------|-------------|
|                                       | 2021/22        | 2022/23     | 2023/24     |
| FIF & NHIF                            | 280,113,841    | 404,392,902 | 472,221,669 |
| Land Rates and other Land Revenue     | 107,510,206    | 147,899,106 | 165,978,227 |
| Cess on natural resources             | 244,805,804    | 233,503,005 | 303,747,079 |
| Business Permit                       | 50,045,462     | 61,516,823  | 81,481,450  |
| Parking fees                          | 25,163,907     | 23,915,034  | 19,851,549  |
| Market fees                           | 9,769,231      | 9,193,837   | 12,709,505  |
| Billboards & Signage                  | 31,270,722     | 25,484,587  | 26,686,869  |
| Building Plan approval and Inspection | 36,172,097     | 35,680,021  | 54,326,867  |
| Rent/Stall rents                      | 7,900,250      | 9,968,225   | 8,489,921   |
| Survey fees and plot rents            | 697,050        | -           | -           |
| Sale of Tender Documents              | -              | -           | -           |
| Plot ground rent                      | 4,792,982      | 7,360,159   | 2,434,255   |
| House rent                            | 9,807,862      | 6,003,684   | 6,764,066   |
| Refuse Collection                     | 1,632,600      | 2,224,900   | 2,852,205   |
| Food Hygiene Fees                     | 3,779,710      | 1,476,005   | 6,162,182   |

| Revenue Stream                           | Financial Year |               |               |
|------------------------------------------|----------------|---------------|---------------|
|                                          | 2021/22        | 2022/23       | 2023/24       |
| Liquor licence                           | 6,657,000      | 7,378,700     | 889,300       |
| AMS \$ATCs                               | 4,327,310      | 1,524,145     | 1,582,310     |
| Leasing of plant and equipment           | -              | -             | -             |
| Slaughter House and Livestock sale Yards | 1,499,520      | 1,379,065     | 5,762,829     |
| Others                                   | 21,527,660     | 24,744,608    | 23,763,406    |
| Total                                    | 847,473,214    | 1,003,644,805 | 1,206,703,689 |

Data source: county treasury

171. The analysis of Own Source Revenue (OSR) for the county over the three financial years shows a consistent upward trend, growing from KES 847.47 million in FY 2021/22 to KES 1.21 billion in FY 2023/24. This represents a compound annual growth rate (CAGR) of approximately 19.2%, indicating improved revenue collection efforts, expanded revenue sources, and enhanced enforcement measures.

172. Among the best-performing revenue streams, Facility Improvement Fund (FIF) contributed the highest revenue, increasing from KES 280.1 million in FY 2021/22 to KES 472.2 million in FY 2023/24, a 67.1% growth over three years. This growth can be attributed to increased utilization of county health services and improved NHIF reimbursement mechanisms. Cess on natural resources was another major contributor, fluctuating but ultimately increasing from KES 244.8 million to KES 303.7 million, reflecting a 24% growth despite a dip in FY 2022/23. The revenue from resource extraction activities such as mining and forestry remains significant but volatile.

### 2.7.3 Expenditure Management

Kilifi County's expenditure structure is divided into recurrent and development expenditures.

#### a) Recurrent Expenditure

173. A significant portion of the county's budget is allocated to recurrent expenditure, including salaries, wages, and operational costs for county departments. Over the past few years, the wage bill has been a notable concern, as it takes up a large share of available resources, potentially crowding out investments in infrastructure and social services. While the county has made efforts to manage its wage bill within the ceiling set by the Public Finance Management Act, there remains pressure to ensure that the payroll does not exceed fiscal sustainability thresholds.

**Table 5: Recurrent Expenditure performance 2023/2024**

| Entity/ Division       | Approved Estimates FY 2023/2024 | Actual Expenditure FY 2023/2024 | Budget Execution Rate % |
|------------------------|---------------------------------|---------------------------------|-------------------------|
| County Assembly        | 1,000,059,543                   | 996,871,040                     | 100%                    |
| Office of the Governor | 402,733,339                     | 375,770,062                     | 93%                     |
| Finance                | 574,840,360                     | 533,922,520                     | 93%                     |
| Agriculture            | 91,943,619                      | 82,231,775                      | 89%                     |

| Entity/ Division                | Approved Estimates FY<br>2023/2024 | Actual Expenditure FY<br>2023/2024 | Budget Execution Rate % |
|---------------------------------|------------------------------------|------------------------------------|-------------------------|
| Lands & Energy                  | 53,392,624                         | 66,411,020                         | 124%                    |
| CPSB                            | 72,937,177                         | 28,300,382                         | 39%                     |
| Public Service Mgt              | 4,930,954,904                      | 4,931,070,507                      | 100%                    |
| County Attorney                 | 167,425,861                        | 148,874,745                        | 89%                     |
| Economic Planning               | 99,887,626                         | 67,542,038                         | 68%                     |
| Livestock                       | 27,213,627                         | 34,984,068                         | 129%                    |
| ICT                             | 29,159,058                         | 21,025,744                         | 72%                     |
| Physical Planning, Housing & UD | 362,451,970                        | 338,499,538                        | 93%                     |
| Cooperatives Development        | 29,815,607                         | 32,673,427                         | 110%                    |
| Resource Mobilization           | 151,881,869                        | 132,181,277                        | 87%                     |
| Blue Economy                    | 23,213,877                         | 24,596,540                         | 106%                    |
| Water Services                  | 56,561,635                         | 48,413,564                         | 86%                     |
| Environment & Nat Resources     | 160,599,949                        | 107,740,761                        | 67%                     |
| Forestry & Climate Change       | 11,000,000                         | -                                  | 0%                      |
| Education                       | 572,401,423                        | 411,991,874                        | 72%                     |
| Health & Sanitation Services    | 2,014,942,943                      | 1,850,743,380                      | 92%                     |
| Roads & Transport               | 313,352,447                        | 216,347,905                        | 69%                     |
| Public Works                    | 9,050,000                          | 2,670,510                          | 30%                     |
| Gender & Social Services        | 74,134,542                         | 45,622,278                         | 62%                     |
| Youth Affairs                   | 50,094,821                         | 36,493,008                         | 73%                     |
| Trade Development               | 33,308,533                         | 26,647,807                         | 80%                     |
| Tourism Promotion               | 40,427,680                         | 39,553,638                         | 98%                     |
| Devolution                      | 44,764,520                         | 44,995,320                         | 101%                    |
| Special Programmes              | 125,205,911                        | 49,289,148                         | 39%                     |
| County Secretary                | 70,000,000                         | 51,190,360                         | 73%                     |
| Total                           | 11,593,755,465                     | 10,746,654,242                     | 93%                     |

Data source: county treasury

174. The recurrent expenditure performance across Kilifi County's divisions in FY 2023/24 varied significantly. Some divisions demonstrated efficient budget execution, while others faced challenges in absorbing their allocated funds.
175. The Public Service Management division recorded a 100% budget execution rate, fully utilizing its allocated funds. Other divisions with high absorption rates included Health & Sanitation Services (92%), Finance (93%), Office of the Governor (93%), and Physical Planning, Housing & Urban Development (93%), indicating effective utilization of funds for operational costs.

176. A few divisions exceeded their approved budgets, such as Lands & Energy (124%) and Livestock (129%), suggesting additional funding or budget reallocations. Similarly, Development (110%), and the Blue Economy (106%) performed well, surpassing their approved budgets.
177. On the other hand, several divisions had low budget execution rates, signaling inefficiencies or delays in expenditure. The County Public Service Board (39%), Special Programmes (39%), and Public Works (30%) had significantly low absorption rates, implying underutilization of funds, possibly due to procurement delays or administrative bottlenecks. Other divisions with suboptimal execution included Economic Planning (68%), Roads & Transport (69%), ICT (72%), Education (72%), and Gender & Social Services (62%), highlighting the need for improved financial planning and implementation capacity.
178. Overall, Kilifi County achieved a 93% execution rate for recurrent expenditure, demonstrating strong budget absorption. However, underperformance in key service delivery areas like Education, Roads, and Public Works indicates a need for better financial management and timely expenditure to enhance service efficiency.

#### b) Development Expenditure

179. The county has consistently allocated a portion of its budget to capital expenditure, aimed at building infrastructure and improving public services. Key development projects have focused on enhancing road networks, expanding healthcare and educational facilities, and investing in water supply systems. However, the implementation rate of capital projects has been variable, with some programs delayed due to budget shortfalls or procurement challenges. The county has been actively working to streamline project execution and reduce delays.

**Table 6: Development Expenditure Performance 2023/2024**

| Entity/ Division                | Approved Estimates FY 2023/2024 | Actual Expenditure FY 2023/2024 | Budget Execution Rate % |
|---------------------------------|---------------------------------|---------------------------------|-------------------------|
| County Assembly                 | 231,274,724                     | 128,875,067                     | 56%                     |
| Office of the Governor          | -                               | -                               | 0%                      |
| Finance                         | 18,441,989                      | -                               | 0%                      |
| Agriculture                     | 806,929,201                     | 813,894,183                     | 101%                    |
| Lands & Energy                  | 306,306,836                     | 115,679,517                     | 38%                     |
| CPSB                            | -                               | -                               | 0%                      |
| Public Service Mgt              | 75,000,000                      | -                               | 0%                      |
| County Attorney                 | 26,400,000                      | 21,182,690                      | 80%                     |
| Economic Planning               | -                               | -                               | 0%                      |
| Livestock                       | 141,183,307                     | 80,567,808                      | 57%                     |
| ICT                             | -                               | -                               | 0%                      |
| Physical Planning, Housing & UD | 332,186,181                     | 304,472,756                     | 92%                     |
| Cooperatives Development        | 29,356,092                      | 4,386,850                       | 15%                     |
| Resource Mobilization           | -                               | -                               | 0%                      |
| Blue Economy                    | 190,293,248                     | 92,490,189                      | 49%                     |

| Entity/ Division             | Approved Estimates FY 2023/2024 | Actual Expenditure FY 2023/2024 | Budget Execution Rate % |
|------------------------------|---------------------------------|---------------------------------|-------------------------|
| Water Services               | 2,227,939,650                   | 1,183,928,296                   | 53%                     |
| Environment & Nat Resources  | 13,000,000                      |                                 | 0%                      |
| Forestry & Climate Change    | 280,727,305                     | 24,592,370                      | 9%                      |
| Education                    | 424,181,661                     | 252,361,099                     | 59%                     |
| Health & Sanitation Services | 898,642,678                     | 471,381,955                     | 52%                     |
| Roads & Transport            | 1,415,660,467                   | 737,797,837                     | 52%                     |
| Public Works                 | -                               | -                               | 0%                      |
| Gender & Social Services     | 177,714,509                     | 44,968,589                      | 25%                     |
| Youth Affairs                | 394,637,741                     | 67,849,179                      | 17%                     |
| Trade Development            | 394,828,147                     | 374,308,174                     | 95%                     |
| Tourism Promotion            | -                               | -                               | 0%                      |
| Devolution                   | 25,000,000                      | 23,232,789                      | 93%                     |
| Special Programmes           | 40,323,539                      | 17,268,179                      | 43%                     |
| County Secretary             | -                               | -                               | 0%                      |
| Total                        | 8,450,027,275                   | 4,759,237,527                   | 56%                     |

Data source: county treasury

180. The development expenditure performance across Kilifi County's divisions in FY 2023/24 varied, with some divisions effectively utilizing their budgets while others struggled with absorption.

181. Several divisions demonstrated moderate performance, with execution rates between 50% and 89%. These included Physical Planning, Housing & Urban Development (86%), Tourism Promotion (83%), Economic Planning (79%), Environment & Natural Resources (77%), Education (72%), and Resource Mobilization (68%). While these divisions utilized a significant portion of their funds, there is room for improvement in project execution and timely budget absorption.

182. Conversely, underperforming divisions included Youth Affairs (47%), County Secretary (40%), Special Programmes (38%), Gender & Social Services (35%), and CPSB (27%), which had low absorption rates.

#### 2.7.4 Budget Deficits

183. Kilifi County has experienced budget deficits in some fiscal years, primarily due to shortfalls in local revenue collection and delays in national transfers. The county has also faced liquidity constraints in some periods, which has impacted its ability to meet short-term financial obligations, including paying suppliers and contractors. However, improvements in cash flow management and enhanced revenue collection are expected to reduce this risk in the future.

##### a) Adherence to Fiscal Responsibility Principles

184. In accordance with Section 107 of the Public Finance Management (PFM) Act, 2012, Kilifi County strives to adhere to the fiscal responsibility principles laid out in the Act. These principles are crucial to ensuring

prudent management of public resources, maintaining fiscal discipline, and promoting sustainable economic growth.

185. **The County Government's recurrent expenditure must not exceed the total revenue.** In FY 2023/24, the recurrent expenditure totaled KES 10,746,654,243, which is within the total revenue collected (KES 16.41 billion). This shows adherence to this requirement, as recurrent costs, including personal emoluments and operational costs, remained within the revenue limits.

186. **Over the medium term, at least 30%** of the County's budget must be allocated to development expenditure. In FY 2023/24, the approved development budget amounted to KES 8.45 billion, representing 42.2% of the total budget. However, only KES 4.63 billion (54.8%) of the development budget was absorbed due to delays in project implementation, resulting in a variance of KES 3.82 billion. Although the allocation meets the required threshold, efforts must be made to improve the absorption of development funds.

187. The County's expenditure on wages and benefits must not exceed the limit prescribed by regulations. The Public Finance Management Regulation 25(1)(b) caps wage-related expenditures at 35% of total county revenue. Kilifi County's expenditure on personal emoluments during the FY 2023/24 amounted to KES 5.01 billion, which is within the required limit.

#### **b) Challenges in Fiscal Performance**

188. **Dependence on National Transfers:** Kilifi's heavy rely on transfers from the national government creates vulnerabilities in the county's fiscal outlook, particularly there were delays in processing of cash requisitions by the controller of budget.

189. **Revenue Collection Inefficiencies:** Despite improvements, local revenue collection faces significant challenges. The informal economy, lack of tax compliance, and gaps in enforcement hindered the county from fully capitalizing on its potential revenue base.

190. **High Wage Bill:** The high wage bill remains a challenge for Kilifi, as it consumes a substantial portion of the county's budget, limiting funds available for development. Balancing public service delivery with fiscal sustainability will be an ongoing concern.

191. **Implementation Delays in Capital Projects:** Delays in project implementation and procurement challenges resulted in slower progress on key infrastructure and development initiatives thus hindering service delivery.

### **2.7.5 Outlook for 2025**

192. The fiscal outlook for Kilifi County in 2025 is moderately optimistic, with projected improvements in local revenue collection and expenditure management. Efforts to strengthen public financial management, streamline procurement processes, and enhance revenue mobilization will play a critical role in ensuring the county's fiscal sustainability.

193. The county is also focusing on increasing its capacity to manage and implement capital projects efficiently, as infrastructure development remains a key priority for economic growth. By continuing to work on reducing inefficiencies in expenditure and improving the overall fiscal framework, Kilifi is expected to maintain fiscal discipline and achieve its development goals in the medium term.

194. Kilifi County has made progress in managing its fiscal affairs, though challenges persist, particularly in revenue collection, expenditure management, and delay in processing of cash requests by the controller of budget. The county's fiscal strategy for 2025 focus on enhancing local revenue generation, controlling the wage bill, and ensuring the timely execution

### III: FISCAL POLICY AND BUDGET FRAMEWORK.

COUNTY ASSEMBLIES FORUM (CAF)

P. O. Box 73552 - 00200,

NAIROBI, KENYA

#### 3.1 Section Overview

195. This section outlines the county's fiscal policy direction and budgetary framework, highlighting strategic resource allocation to drive economic growth and sustainable development. It highlights the County Government's key policy decisions aimed at enhancing revenue mobilization, optimizing expenditure efficiency, and ensuring adherence to fiscal responsibility principles. The budget allocation prioritizes high-impact sectors, balancing recurrent and development expenditures to foster inclusive growth, improve service delivery, and strengthen economic resilience. The policy direction are as guided:

#### 3.2 Policy Direction on Budgeting and Accounting Framework

196. In the Fiscal Year 2025/2026, Kilifi County will implement Zero-Based Budgeting (ZBB) as a strategic shift to enhance fiscal discipline, expenditure efficiency, and resource allocation. Unlike traditional incremental budgeting, ZBB requires each department and entity to justify all expenses from a zero base, ensuring that resource allocation aligns strictly with priority programs, service delivery needs, and economic impact. This approach will eliminate inefficiencies, reduce wasteful spending, and optimize financial planning to support the county's development agenda.

197. Additionally, the county will transition from the cash basis of accounting to the accrual basis, a critical reform aimed at improving financial transparency, accountability, and long-term fiscal sustainability. Under the accrual system, revenues and expenditures will be recognized when earned or incurred rather than when cash is received or paid. This shift will provide a more accurate financial position of the county, enhance asset and liability management, and strengthen financial reporting in line with international public sector accounting standards (IPSAS).

#### 3.3 Reduction of Recurrent Expenditure to Devote More to Development

198. The County Government will undertake measures to reduce recurrent expenditures and increase allocations to development programs. By adopting these expenditure reduction strategies, the County Government will free up resources for critical development projects, enhance fiscal sustainability, and improve overall service delivery.

The key policy actions include:

- a) **Reducing Administrative Costs:** Implementing cost-cutting measures in operational and administrative expenses, including travel, allowances, and non-essential procurements.
- b) **Restructuring the Wage Bill:** Rely on the data of the ongoing workforce audit to ensure optimal staffing levels and eliminate redundancy while enhancing productivity.
- c) **Enhancing Efficiency in Service Delivery:** Streamlining county operations through automation, digital services, and improved public sector performance.
- d) **Prioritizing Development Expenditures:** Ensuring that at least 30% of the county budget is allocated to development projects in compliance with legal requirements.
- e) **Promoting Public-Private Partnerships (PPPs):** Leveraging partnerships with the private sector to fund and implement infrastructure and development projects, reducing reliance on county funds.
- f) **Energy and Resource Efficiency Initiatives:** Implementing green energy solutions, efficient fleet management, and cost-saving measures in public utilities to reduce operational costs.

#### 3.4 Reform of Expenditure Management and Tax Collection Regimes

199. To enhance fiscal discipline and improve revenue collection, the County Government will implement reforms in expenditure management and own resource revenue collection. By implementing these reforms, the

County Government will enhance financial sustainability, improve service delivery, and ensure that public resources are utilized efficiently.

The key policy measures include:

- a) **Strengthening Revenue Collection Mechanisms:** Enhancing the efficiency of revenue administration through automation, improved enforcement, and expansion of the revenue stream base.
- b) **Reducing Revenue Leakages:** Implementing robust monitoring systems to curb tax evasion, fraud, and corruption in revenue collection.
- c) **Enhancing Public Financial Management:** Strengthening budgeting, reporting, and auditing processes to ensure accountability and transparency in public expenditure.
- d) **Optimizing Expenditure Controls:** Instituting measures to prevent overspending and ensure adherence to budgetary allocations.
- e) **Leveraging Technology for Revenue Collection:** Expanding digital payment platforms to improve convenience, efficiency, and compliance in revenue remittance.
- f) **Capacity Building for Revenue Officers:** Training revenue officers on modern revenue collection techniques, enforcement strategies, and customer engagement to improve compliance rates.

### 3.5 Productivity Reform of the County Public Sector

200. To enhance value-for-money in service delivery, the County Government will implement productivity reforms aimed at improving efficiency and effectiveness in public service. By implementing these productivity reforms, the County Government will improve budget absorption capacities, enhance service delivery efficiency, and maximize the impact of public expenditure.

The key measures will include:

- a) **Capacity Enhancement Initiatives:** Investing in training and skills development to enhance the technical and managerial capacity of county personnel.
- b) **Performance-Based Management:** Strengthening performance appraisal systems and linking budgetary allocations to measurable service delivery outcomes.
- c) **Technology and Automation:** Expanding digital systems in service delivery to improve efficiency, reduce bureaucratic delays, and enhance transparency.
- d) **Institutional Restructuring:** Reviewing organizational structures to eliminate redundancies, improve coordination, and optimize resource utilization.
- e) **Enhancing Accountability and Oversight:** Strengthening internal audit functions, financial reporting mechanisms, and public expenditure tracking to improve service delivery efficiency.
- f) **Public Sector Innovation:** Encouraging adaptive management strategies, innovative service delivery models, and partnerships to enhance productivity.

### 3.6 Rationalization of Expenditure

201. The County Government will implement a comprehensive expenditure rationalization framework to ensure optimal resource allocation while maintaining fiscal discipline. Through these measures, the County aims to enhance resource efficiency, curb wastage, and align expenditures with development priorities.

This will involve:

- a) **Elimination of Non-Essential Expenditures:** Reducing non-priority spending, operational inefficiencies, and administrative costs.
- b) **Enhancing Efficiency in Service Delivery:** Strengthening expenditure tracking and performance-based budgeting to ensure value for money.

- c) **Cost Optimization Measures:** Reviewing procurement processes, contract management, and resource utilization to reduce unnecessary costs.
- d) **Pending Bills Management Strategies:** Ensuring sustainable development while prioritizing payment of pending obligations to maintain fiscal stability.
- e) **Re-prioritization** of Programmes and Projects (Including Capital Projects)

202. Given the prevailing economic constraints and revenue performance trends, the County Government will re-prioritize programs and projects to focus on high-impact and legally mandated initiatives. Through strategic re-prioritization, the County Government will allocate resources effectively to maximize socio-economic impact and enhance public service delivery.

The key policy measures include:

- a) **Focusing on Core Service Delivery Areas:** Prioritizing investments in essential sectors such as health, early childhood education and vocational training, water, and infrastructure.
  - b) **Aligning Projects with Fiscal Capacity:** Ensuring that the County's capital investments are in line with the available fiscal space and projected revenues.
  - c) **Phased Implementation of Projects:** Scaling large capital projects like the Kilifi County Sports Complex and the County Headquarters Plaza in phases to ease the budgetary burden while ensuring steady progress.
  - d) **Enhancing Public Participation in Budget Prioritization:** Engaging stakeholders to ensure that resource allocation reflects community needs and development priorities.
  - e) **Funding Carryovers** Due to Absorption Capacity Constraints and Delayed Implementation
203. To address challenges related to project delays and absorption capacity constraints, the County Government will implement structured funding carryovers to ensure continuity in service delivery and project implementation. By implementing these measures, the County Government will enhance project execution efficiency, reduce stalled projects, and improve overall fiscal performance.

This will be guided by:

- a) **Enhancing Implementation Capacity:** Strengthening institutional and technical capacity to improve budget absorption rates.
- b) **Streamlining Procurement Processes:** Addressing inefficiencies in procurement procedures to minimize delays in project execution.
- c) **Multi-Year Budgeting for Large Capital Projects:** Adopting a rolling budget approach for complex projects to ensure consistent funding across fiscal years.
- d) **Improving Cash Flow Management:** The County Government will liaise with the National Treasury and the Controller of Budget to ensure timely processing of county cash requests, thereby mitigating liquidity constraints.
- e) **Monitoring and Evaluation (M&E) Frameworks:** Strengthening M&E mechanisms to track project progress and address bottlenecks proactively.

### 3.7 Fiscal Status

204. The County's revenue structure over the period FY 2024/25 to FY 2027/28 is primarily driven by equitable share and own-source revenue. Equitable share remains constant at Ksh. 12.71 billion throughout, serving as the county's primary funding source. Meanwhile, own-source revenue shows steady projection from Ksh. 1.97 billion in FY 2024/25 to Ksh. 2.02 billion FY 2025/26 and Ksh. 2.89 billion in FY 2027/28, indicating the County efforts to enhance local revenue collection.

205. Corresponding expenditures align with these revenue trends, ensuring a balanced budget with no deficits. Recurrent expenditure, covering salaries, operations, and maintenance, is projected Ksh. 9.97 billion in FY 2024/25, to Ksh. 8.46 billion in FY 2025/26, Ksh. 8.8 billion and Ksh. 8.9 billion in subsequent years.

Development expenditure is projected at Ksh. 11.4 billion in FY 2024/25, to Ksh. 6.2 billion in FY 2025/26, Ksh. 6.5 billion and Ksh. 6.6 billion in subsequent years.

206. To sustain financial stability, the County will enhance local revenue mobilization, improve expenditure efficiency, and prioritize high-impact development initiatives.

**Table 7: County Government Fiscal Projections**

| Item               | FY 2024/25     | FY 2025/26     | FY 2026/27       | FY 2027/28       |
|--------------------|----------------|----------------|------------------|------------------|
| Revenue            | 21,406,496,439 | 14,738,210,748 | 15,345,173,972   | 15,608,191,369   |
| Equitable Share    | 12,554,603,733 | 12,715,000,000 | 12,715,000,000   | 12,715,000,000   |
| Grants             | 3,451,566,482  | -              | -                | -                |
| Own Source Revenue | 1,970,795,142  | 2,023,210,748  | 2,630,173,972    | 2,893,191,369    |
| Unspent CRF        | 3,429,531,082  | -              | -                | -                |
| Expenditure        | 21,406,496,439 | 14,738,210,748 | 15,345,173,972   | 15,608,191,369   |
| Recurrent          | 9,966,392,834  | 8,463,373,719  | 8,811,920,546.52 | 8,962,957,505.15 |
| Development        | 11,440,103,605 | 6,274,837,029  | 6,533,253,425.35 | 6,645,233,863.91 |

*Data Source: County Treasury*

### 3.8 Adherence to Fiscal Responsibility Principles.

207. Kilifi County remains committed to upholding fiscal responsibility principles as outlined in the Public Finance Management Act 2012. This entails ensuring prudent use of public resources, maintaining a sustainable pending bills level, and ensuring balanced budget by aligning expenditure with available revenue to enhance fiscal sustainability. The county will prioritize efficient allocation of resources towards development expenditures, ensure that the wage bill remains within the prescribed limits, and enhance own-source revenue mobilization to reduce reliance on transfers. Additionally, fiscal discipline will be reinforced through strengthened financial management systems, expenditure rationalization, and transparency in budget execution to support long-term economic stability and service delivery.
208. **Balanced budget:** The County total revenue is projected at 14,738,210,748 with 12,715,000,000 as equitable share and 1,523,210,748 as own source revenue. The county projects to spend a total of 14,738,210,748 to implement its broad strategic objectives, defray its operations and maintenance and compensation to its employees including medical cover. This translates to a zero deficit thus adhering to balanced budget principle.
209. **Limit county wage bill to thirty-five percent of the government's total revenue:** The county projects to spend 3,854,450,113.76 towards compensation of its employees translating to 26% of the total budget thus adhering to the 35% threshold as stipulated in the Public Finance Management Act 2012.
210. **Development Budget:** At least Thirty percent of all expenditure is dedicated to development expenditure: Over the medium term, a minimum of thirty percent of the County Government's budget shall be allocated to development expenditure. Currently, Kilifi County surpasses this threshold, with development expenditure projection of KES 6,274,837,029 accounting for 42% of the total budget, demonstrating the county's commitment to infrastructure development and service delivery enhancement.
211. However, there remain challenges in fully implementing transparent public financial management practices. Issues such as delays in the audit process and weak oversight mechanisms for public spending still pose risks to fiscal discipline. To address this, the county is working on strengthening its internal controls, improving public participation in the budget process, and ensuring timely and accurate reporting on financial performance.

#### IV: MEDIUM TERM EXPENDITURE FRAMEWORK.

212. Kilifi County's Medium-Term Expenditure Framework (MTEF) for the FY 2025/26 is designed to enhance fiscal discipline, optimize resource allocation, and ensure efficient service delivery.
213. The County Government will implement a comprehensive expenditure rationalization framework aimed at eliminating non-essential expenditures, strengthening expenditure tracking, and optimizing costs to align with development priorities.
214. Additionally, reforms in expenditure management and revenue collection will be undertaken to enhance financial sustainability. These include strengthening revenue administration through automation, reducing revenue leakages, leveraging technology for revenue collection, and improving public financial management. By adopting these measures, the County seeks to enhance efficiency, accountability, and transparency in the utilization of public resources while fostering sustainable economic growth.

##### 4.1 Resource Envelope

215. Kilifi County's resource envelope for the FY 2025/26 is projected to be Ksh. 14.74 billion, drawn from three main revenue streams: the equitable share of revenue raised nationally, own source revenue, and the Facility Improvement Fund (FIF). The equitable share, amounting to Ksh. 12.72 billion, forms the largest portion of the county's budget. This allocation from the National Treasury is based on the revenue-sharing formula and is essential for funding key devolved functions such as healthcare, education, agriculture, and infrastructure development.
216. In addition to national transfers, the County expects to generate Ksh. 1.52 billion in own source revenue from local taxes, levies, fees, and other charges. This includes revenue collected from business permits, market fees, parking charges, and land rates. To enhance financial sustainability, the County Government is committed to strengthening its revenue collection mechanisms through automation, broadening the tax base, and minimizing revenue leakages.
217. Further, the County anticipates Ksh. 500 million from the Facility Improvement Fund (FIF), which comprises funds generated by public healthcare facilities through patient fees and insurance reimbursements. These resources are retained at the facility level to improve service delivery, procure medical supplies, and enhance healthcare infrastructure.
218. To ensure efficient utilization of these resources, the County Government will implement a comprehensive expenditure rationalization framework, focusing on cost optimization, elimination of non-essential expenditures, and strengthening financial controls. By aligning expenditures with development priorities and improving revenue collection efficiency, Kilifi County aims to foster sustainable economic growth and enhance service delivery for its residents.

*Table 8: Resource Envelope*

| Revenue Type                                 | FY 2025/26     |
|----------------------------------------------|----------------|
| Equitable Share of Revenue Raised Nationally | 12,715,000,000 |
| Own Source Revenue                           | 1,523,210,748  |
| FIF                                          | 500,000,000    |

|       |                |
|-------|----------------|
| Total | 14,738,210,748 |
|-------|----------------|

## 4.2 Spending Priorities

219. In the FY 2025/26, the Kilifi County Government will prioritize resource allocation towards seven key thematic areas that are critical for economic growth and improved service delivery. A substantial portion of the county's budget will be directed towards programme-specific interventions within these strategic priorities, alongside allocations for personnel emoluments and key strategic initiatives. Conversely, other departments and divisions outside these focus areas will receive comparatively lower funding.

The seven thematic areas guiding the county's development agenda include:

- Enhancing Food Security
- Water Infrastructure Enhancement
- Strengthening Health Systems
- Local Economic Development
- Transport and Connectivity
- Early Childhood Education Development (ECDE) and Digitalization
- Tourism Development

## 4.3 Thematic Areas

220. Kilifi County's FY 2025/26 budget prioritizes seven thematic areas, directing a substantial portion of resources toward programme-specific interventions that support economic growth and service delivery. These priority areas aim to enhance food security, improve water access, strengthen healthcare, promote local economic development, upgrade transport networks, develop early childhood education, and boost tourism. The total budget allocated across these key areas amounts to Ksh. 5.66 billion, distributed as follows:

### 4.3.1 Enhancing Food Security – Ksh. 645 million

221. The county is committed to improving agricultural productivity through irrigation expansion, access to quality inputs, mechanization, breed improvement, and fisheries development. Key allocations include Ksh. 304 million for irrigation schemes such as the Kazi Kazi Irrigation Project, Ksh. 138 million for certified seeds, fertilizers, and agrochemicals, and Ksh. 70 million for mechanization support, including tractor ploughing subsidies. Additional funding will go toward artificial insemination (Ksh. 45 million), veterinary services (Ksh. 10 million), and fisheries infrastructure (Ksh. 78 million) to boost marine and aquaculture development.

### 4.3.2 Water Infrastructure Enhancement – Ksh. 999 million

222. To ensure sustainable access to clean water, the county will invest heavily in pipeline expansion, borehole drilling, and water storage solutions. A significant allocation of Ksh. 700 million will go toward expanding key water pipelines in rural areas, while Ksh. 125 million will fund the installation of major water storage infrastructure, including RCC and sump tanks. Additionally, Ksh. 75 million will be used for borehole drilling and rehabilitation, and Ksh. 99 million for water pan construction and alternative storage solutions such as utilizing abandoned quarries.

#### 4.3.3 Strengthening Health Systems – Ksh. 1.49 billion

223. The county aims to improve healthcare infrastructure, service delivery, and access to essential medical products. The largest share (Ksh. 875 million) is allocated to Health Products and Technologies, ensuring adequate medical supplies and pharmaceuticals. Other key allocations include Ksh. 406 million for completing specialized units at Kilifi Referral Hospital, Ksh. 118 million for operationalizing health dispensaries, Ksh. 80 million for ambulance services, and Ksh. 14.6 million for completing maternity wings in two health facilities.

#### 4.3.4 Local Economic Development – Ksh. 695 million

224. To boost trade and entrepreneurship, the county will invest in market infrastructure, MSME financing, and cooperative development. The largest share, Ksh. 600 million, will fund the operationalization of county markets, while Ksh. 15 million will support the installation of market containers and tents. Additionally, Ksh. 80 million will be directed to the Wezesha Fund, providing financial support to MSMEs and cooperatives.

#### 4.3.5 Transport and Connectivity – Ksh. 1.08 billion

225. Improving road infrastructure and transport networks remains a key priority. The county has allocated Ksh. 500 million for routine road maintenance, Ksh. 480 million for upgrading roads to bitumen and cabro standards, and Ksh. 85 million for opening up rural roads through murraming and gravelling. Additionally, Ksh. 10 million will go toward completing Phase 2 of the County Garage, ensuring proper maintenance of the county's vehicle fleet.

#### 4.3.6 Early Childhood Education Development (ECDE) and Digitalization – Ksh. 665 million

226. Investments in ECDE infrastructure and learning resources will enhance early childhood education. The largest share, Ksh. 550 million, is allocated for operationalizing ECDE facilities, including sanitation improvements. Additional allocations include Ksh. 50 million for learning materials, Ksh. 60 million for tables and chairs, and Ksh. 5 million for fencing standalone ECDE centers.

#### 4.3.7 Tourism Development – Ksh. 87 million

227. To position Kilifi County as a premier tourist destination, Ksh. 87 million is allocated for tourism marketing and promotion. This includes branding, destination marketing, and investments in infrastructure to attract both local and international tourists.

*Table 9: Thematic Areas Ceilings*

| Thematic Area                             | Amount |
|-------------------------------------------|--------|
| 1. Enhancing Food Security                |        |
| Irrigation Expansion and Water Management |        |

| Thematic Area                                                                                                             | Amount         |
|---------------------------------------------------------------------------------------------------------------------------|----------------|
| Irrigation schemes - Kazi Kazi Irrigation Project and others                                                              | 304,000,000.00 |
| water pans for livestock                                                                                                  |                |
| Access to Agricultural Inputs and Mechanization                                                                           |                |
| certified seeds, fertilizers, and agrochemicals                                                                           | 138,000,000.00 |
| mechanization support, including tractor ploughing subsidies                                                              | 70,000,000.00  |
| Breed Improvement                                                                                                         |                |
| artificial insemination for breed improvement.                                                                            | 45,000,000.00  |
| veterinary services and vaccination programs                                                                              | 10,000,000.00  |
| Fisheries Development                                                                                                     |                |
| marine and aquaculture infrastructure                                                                                     | 78,000,000.00  |
| Total                                                                                                                     | 645,000,000.00 |
| <b>2. Water Infrastructure Enhancement</b>                                                                                |                |
| Expansion of Pipeline Networks and Water Storage Capacity                                                                 |                |
| Construction and upgrade of key water pipelines in rural areas                                                            | 700,000,000.00 |
| Installation of major water storage infrastructure, including RCC tanks and sump tanks,                                   | 125,000,000.00 |
| Borehole Drilling, Equipping, and Rehabilitation                                                                          |                |
| Drilling of boreholes and rehabilitation, (solarized boreholes)                                                           | 75,000,000.00  |
| Construction and Rehabilitation of Water Pans                                                                             |                |
| Construction and rehabilitating of water pans                                                                             | 89,000,000.00  |
| utilizing abandoned quarries for alternative water storage solutions                                                      | 10,000,000.00  |
| Total                                                                                                                     | 999,000,000.00 |
| <b>3. Strengthening Health Systems.</b>                                                                                   |                |
| Health Infrastructure Development and Modernization                                                                       |                |
| Operationalization of all dispensaries and health facilities                                                              | 118,000,000.00 |
| Completion of specialized units at Kilifi Referral Hospital for physiotherapy, occupational therapy, and orthopedic care. | 406,000,000.00 |
| Completion of maternity wings (2)                                                                                         | 14,620,000.00  |
| Emergency and Specialized Medical Services                                                                                |                |
| Equipping of ambulances                                                                                                   | 80,000,000.00  |

| Thematic Area                                                              | Amount           |
|----------------------------------------------------------------------------|------------------|
| Health Products and Technologies                                           | 875,000,000.00   |
| Total                                                                      | 1,493,620,000.00 |
| <b>4. Local Economic Development</b>                                       |                  |
| Market Infrastructure                                                      |                  |
| Operationalization of markets                                              | 600,000,000.00   |
| Operationalization of containers and tents installation                    | 15,000,000.00    |
| Financial Support for MSMEs and Cooperatives (Wezesha Fund)                | 80,000,000.00    |
| Total                                                                      | 695,000,000.00   |
| <b>5. Transport And Connectivity</b>                                       |                  |
| Road Upgrades and Maintenance                                              |                  |
| maintenance of roads                                                       | 500,000,000.00   |
| Upgrading to bitumen and cabro standards                                   | 480,000,000.00   |
| Opening up rural roads including murraming and gravelling                  | 85,000,000.00    |
| County Fleet Maintenance                                                   |                  |
| Completion of County Garage (Phase 2) - Ksh 10 million                     | 10,000,000.00    |
| Total                                                                      | 1,075,000,000.00 |
| <b>6. Early Childhood Education Development (ECDE) and Digitalization.</b> |                  |
| Infrastructure Development and Learning Resources                          |                  |
| Operationalization of ECDE including sanitation facilities                 | 550,000,000.00   |
| Fencing of standalone ECDE centers                                         | 5,000,000.00     |
| Learning materials                                                         | 50,000,000.00    |
| Tables and chairs                                                          | 60,000,000.00    |
| Total                                                                      | 665,000,000.00   |
| <b>7. Tourism Development</b>                                              |                  |
| Tourism Marketing and Promotion                                            | 87,000,000.00    |
| Total                                                                      | 87,000,000.00    |
| Gross Total                                                                | 5,659,620,000.00 |

#### 4.4 Non-discretionary Expenditure

228. In the FY 2025/26, the Kilifi County Government will ring-fence funds for key non-discretionary expenditures to ensure seamless county operations and effective service delivery. These allocations will prioritize essential services and social welfare programs, reinforcing the county's commitment to sustainable development and financial stability.

*Table 10: Non-discretionary Expenditure Ceilings*

| Division                                                                | Type                           | Rec           | Dev         | Total         |
|-------------------------------------------------------------------------|--------------------------------|---------------|-------------|---------------|
| 3111000000 County Assembly                                              | County Assembly                | 790,822,008   | 141,681,117 | 932,503,125   |
| 3112000000 Office Of The Governor                                       | Donations                      | 50,000,000    | -           | 50,000,000    |
|                                                                         | Gratuity                       | 50,000,000    | -           | 50,000,000    |
| 3113000000 County Division For Finance                                  | Emergency Fund                 | 100,000,000   | -           | 100,000,000   |
|                                                                         | WDP                            | -             | 875,000,000 | 875,000,000   |
| 3123000000 Public Service Management                                    | Medical insurance              | 350,000,000   | -           | 350,000,000   |
|                                                                         | Office complex(Phase 1)        | -             | 75,000,000  | 75,000,000    |
|                                                                         | Personnel Emoluments           | 3,854,450,114 |             | 3,854,450,114 |
| 3153000000 County Division For Housing & Urban Devt                     | Kilifi Municipality            | -             | 80,772,436  | 80,772,436    |
|                                                                         | Mahindi Municipality           | -             | 70,300,000  | 70,300,000    |
|                                                                         | Watamu Municipality            | -             | 70,427,564  | 70,427,564    |
|                                                                         | Mtwapa Municipality            | -             | 70,500,000  | 70,500,000    |
|                                                                         | Mariakani Municipality         | -             | 63,000,000  | 63,000,000    |
| 3143000000 County Division For Roads And Transport Services             | Motor Vehicle Insurance        | 80,000,000    | -           | 80,000,000    |
| 3141000000 County Division For Early Childhood Education And Vocational | Nutritious Porridge            | 70,000,000    |             | 70,000,000    |
|                                                                         | Scholarship                    | 400,000,000   | -           | 400,000,000   |
| 3146000000 County Division For Youth Affairs And Sports                 | Construction of Kilifi Stadium | -             | 100,000,000 | 100,000,000   |

| Division                                                                  | Type             | Rec           | Dev           | Total         |
|---------------------------------------------------------------------------|------------------|---------------|---------------|---------------|
| 3150000000 County Division For Special Programmes And Disaster Management | Emergency relief | 50,000,000    | -             | 50,000,000    |
| Gross Total                                                               |                  | 5,795,272,122 | 1,546,681,117 | 7,341,953,239 |

#### 4.5 Indicative Ceilings

229. The indicative ceilings for FY 2025/26 outline the preliminary budgetary allocations across county departments and priority programs, ensuring that resources are distributed efficiently in line with Kilifi County's development agenda and fiscal strategy. These ceilings provide a framework for expenditure planning, guiding resource allocation toward priority sectors, strategic interventions, and essential services while maintaining fiscal discipline. The allocations reflect the county's commitment to enhancing service delivery, promoting economic growth, and ensuring prudent financial management.

*Table 11: Indicative Ceilings Summary*

| County Division/Entity                                | Recurrent   | A-I-A | Development | Total         |
|-------------------------------------------------------|-------------|-------|-------------|---------------|
| County Assembly                                       | 790,822,008 | -     | 141,681,117 | 932,503,125   |
| Office of the Governor                                | 364,000,000 | -     | -           | 364,000,000   |
| County Attorney                                       | 30,000,000  | -     | 17,000,000  | 47,000,000    |
| County Secretary                                      | 29,000,000  | -     | -           | 29,000,000    |
| County Division for Finance                           | 186,518,500 | -     | 875,000,000 | 1,061,518,500 |
| County Division for Economic Planning                 | 308,037,170 | -     | -           | 308,037,170   |
| County Division for Resource Mobilization             | 125,000,000 | -     | -           | 125,000,000   |
| County Division for Agriculture                       | 208,000,000 | -     | 304,000,000 | 512,000,000   |
| County Division for Livestock                         | 55,000,000  | -     | -           | 55,000,000    |
| County Division for Blue Economy                      | 11,000,000  | -     | 67,000,000  | 78,000,000    |
| County Division for Water Services                    | 50,000,000  | -     | 949,000,000 | 999,000,000   |
| County Division for Environment and Natural Resources | 140,000,000 | -     | 20,000,000  | 160,000,000   |

| County Division/Entity                                                | Recurrent     | A-I-A       | Development | Total         |
|-----------------------------------------------------------------------|---------------|-------------|-------------|---------------|
| County Division for Early Childhood Education and Vocational Training | 170,000,000   | -           | 965,000,000 | 1,135,000,000 |
| County Division for ICT and E-Government                              | 25,768,962    | -           | -           | 25,768,962    |
| County Division for Health and Sanitation Services                    | 455,000,000   | 500,000,000 | 538,620,000 | 1,493,620,000 |
| County Division for Roads & Transport                                 | 100,000,000   | -           | 975,000,000 | 1,075,000,000 |
| County Division for Public Works                                      | 39,876,543    | -           | -           | 39,876,543    |
| County Division for Lands & Energy                                    | 76,357,777    | -           | 146,818,880 | 223,176,657   |
| County Division for Physical Planning, Urban Development and Housing  | 15,459,418    | -           | 98,717,032  | 114,176,450   |
| Kilifi Municipality                                                   | -             | -           | 80,772,436  | 80,772,436    |
| Malindi Municipality                                                  | -             | -           | 70,300,000  | 70,300,000    |
| Watamu Municipality                                                   | -             | -           | 70,427,564  | 70,427,564    |
| Mtwapa Municipality                                                   | -             | -           | 70,500,000  | 70,500,000    |
| Mariakani Municipality                                                | -             | -           | 63,000,000  | 63,000,000    |
| Gender & Social Services                                              | 32,000,000    | -           | 25,000,000  | 57,000,000    |
| County Division for Youth Affairs and Sports                          | 40,500,000    | -           | -           | 40,500,000    |
| County Division for Trade                                             | 85,000,000    | -           | 610,000,000 | 695,000,000   |
| County Division for Cooperative Development                           | 84,336,142    | -           | -           | 84,336,142    |
| County Division for Tourism Promotion                                 | 87,000,000    | -           | -           | 87,000,000    |
| County Public Service Board                                           | 117,540,000   | -           | -           | 117,540,000   |
| County Division for Public Service Management                         | 4,217,150,114 | -           | 75,000,000  | 4,292,150,114 |

| County Division/Entity                                       | Recurrent            | A-I-A              | Development          | Total                 |
|--------------------------------------------------------------|----------------------|--------------------|----------------------|-----------------------|
| County Division for Devolution & Civic Education             | 35,200,000           | -                  | 112,000,000          | 147,200,000           |
| County Division for Special Programs and Disaster Management | 84,807,085           | -                  | -                    | 84,807,085            |
| <b>TOTAL</b>                                                 | <b>7,963,373,719</b> | <b>500,000,000</b> | <b>6,274,837,029</b> | <b>14,738,210,748</b> |

#### 4.6. Conclusion.

230. The County Fiscal Strategy Paper (CFSP) outlines the county's strategic priorities and resource allocation framework for the upcoming financial year. It aligns the county's development agenda with national policies, fiscal constraints, and the aspirations of the people. By prioritizing economic empowerment, infrastructure development, social services, and good governance, the county aims to foster inclusive growth, enhance service delivery, and improve the livelihoods of its residents.
231. Despite the achievements made in previous fiscal years, challenges such as revenue shortfalls, delayed disbursements, and rising expenditure pressures continue to pose fiscal risks. To address these, the county remains committed to prudent financial management, enhanced revenue mobilization, and efficient public expenditure. Strengthening accountability mechanisms and leveraging public-private partnerships will also be key in optimizing resource utilization.

#### 4.7. Way Forward

- Enhancing Own-Source Revenue (OSR):** The county will implement strategies to expand the revenue base by improving tax collection efficiency, automating revenue systems, and sealing revenue leakages.
  - Expenditure Rationalization:** Departments will be required to align their budgets with priority programs while eliminating non-essential expenditures to enhance fiscal discipline.
  - Public-Private Partnerships (PPPs):** The county will explore opportunities for collaboration with the private sector to bridge financing gaps in infrastructure and service delivery.
  - Capacity Building:** Strengthening the capacity of county staff in budget formulation, implementation, and monitoring will enhance efficiency and effectiveness in public financial management.
  - Citizen Engagement:** The county will continue to enhance public participation in the budget-making process to ensure inclusivity, transparency, and accountability.
  - Monitoring and Evaluation:** A robust monitoring and evaluation framework will be put in place to track progress, measure impact, and inform future policy decisions.
232. By implementing these measures, the county aims to achieve sustainable economic growth, enhance service delivery, and ensure equitable development across the key sectors. The successful implementation of this CFSP will lay a strong foundation for the upcoming budget cycle and contribute to the realization of the county's long-term development goals.

DRAFT FOR COMMENTS

## Annexes.

### 5.1 Statement of Fiscal Risks.

The County Government acknowledges several fiscal risks that may affect budget execution, service delivery, and long-term fiscal sustainability. Identifying and mitigating these risks is essential for maintaining financial stability and ensuring efficient resource allocation. The key fiscal risks include:

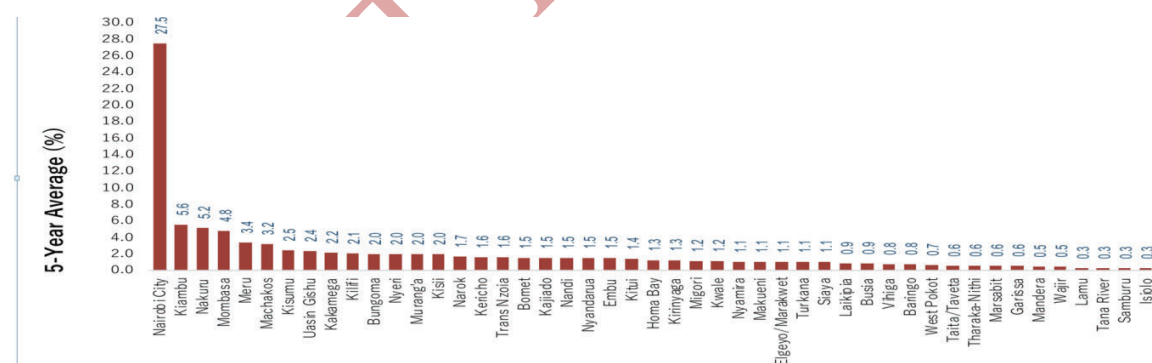
- Revenue Underperformance: Variability in Own Source Revenue (OSR) collection due to economic downturns, administrative inefficiencies, and policy changes may lead to budget shortfalls.
- Delayed Disbursement of National Transfers: Late or unpredictable disbursements from the National Treasury can disrupt county operations and service delivery.
- Expenditure Pressures: Increasing wage bills, pending bills, and demand for additional services may strain the county's fiscal space.
- Absorption Capacity Constraints: Delays in project implementation due to procurement inefficiencies, technical capacity gaps, and bureaucratic processes may lead to unspent funds and underperformance.
- Pending bills and Contingent Liabilities: Accumulation of pending bills, legal claims, and other obligations pose a risk to the county's liquidity and financial health.

To mitigate these risks, the County Government will:

- Enhance revenue collection mechanisms,
- Improve expenditure controls,
- Strengthen public financial management,
- Adopt risk-sensitive planning and budgeting approaches.

### 5.2 Main macroeconomic Indicators.

Kilifi County's Gross County Product (GCP) is valued at KES 296.37 billion at current prices, as per the 2024 GCP Report by KNBS. This translates to a five-year average contribution of 2.1% to the national Gross Value Added (GVA), reflecting the county's relative share of the Gross Domestic Product (GDP). This trend highlights Kilifi's economic positioning and growth trajectory within the national economy.



Data Source: KNBS, GCP report 2024.

Over the past five years (2019-2023), Kilifi County's agricultural sector has maintained an average contribution of 1.8% to the national GDP, underscoring its role in supporting overall economic performance. During the same period, the county's manufacturing sector—comprising both formal enterprises and informal household-based manufacturing activities—accounted for an average of 4.6% of the total manufacturing Gross Value Added (GVA).

Kilifi County's secondary sector, largely driven by mining and quarrying activities, contributed an average of 1.1% to the national secondary sector GVA. In terms of economic growth, the county registered an average real GCP growth rate of 5.0% relative to the national economy's Gross Value Added (GVA) growth from 2019 to 2023. Additionally, Kilifi County recorded a Gross County Product per capita of KES 185,582 over the same period, reflecting its economic output on a per-person basis.

**GCP by Economic Activity at Current Prices, 2023 Ksh,Millions.**

| GCP by Economic Activity at Current Prices, 2023 Ksh,Millions |                                |                   |                        |                                      |                  |                                                       |                       |                                          |                                         |
|---------------------------------------------------------------|--------------------------------|-------------------|------------------------|--------------------------------------|------------------|-------------------------------------------------------|-----------------------|------------------------------------------|-----------------------------------------|
| Agriculture,Forestr<br>y and Fishing                          | Mining<br>and<br>Quarryin<br>g | Manufacturin<br>g | Electricit<br>y Supply | Water<br>supply;wast<br>e collection | constructio<br>n | wholesale&retai<br>l trade;Repair of<br>motorvehicles | Transpor<br>t Storage | Accomodation&foo<br>d service activities | Information<br>and<br>Communicatio<br>n |
| 59,907                                                        | 5,195                          | 53,650            | 6,404                  | 2,217                                | 3,315            | 14,429                                                | 52,252                | 6,181                                    | 7,636                                   |

| GCP by Economic Activity at Current Prices, 2023 Ksh,Millions (cont'd) |                           |                                        |                                    |                                         |           |                                                  |                                 |                                                 |         |
|------------------------------------------------------------------------|---------------------------|----------------------------------------|------------------------------------|-----------------------------------------|-----------|--------------------------------------------------|---------------------------------|-------------------------------------------------|---------|
| Financial&Insuarance<br>activities                                     | Real estate<br>activities | proffesional<br>&Technical<br>services | Administrative<br>support services | Public<br>administration<br>and defense | Education | Human<br>health<br>&Social<br>work<br>activities | other<br>services<br>activities | Financial<br>services<br>indirectly<br>measured | GCP     |
| 5,264                                                                  | 24,405                    | 4,748                                  | 3,155                              | 19,533                                  | 16,141    | 5,816                                            | 7,969                           | -1,848                                          | 296,368 |

| GCP by Economic Activity at Current Prices, 2022 Ksh,Millions |                                |                   |                        |                                      |                  |                                                       |                       |                                          |                                         |
|---------------------------------------------------------------|--------------------------------|-------------------|------------------------|--------------------------------------|------------------|-------------------------------------------------------|-----------------------|------------------------------------------|-----------------------------------------|
| Agriculture,Forestr<br>y and Fishing                          | Mining<br>and<br>Quarryin<br>g | Manufacturin<br>g | Electricit<br>y Supply | Water<br>supply;wast<br>e collection | constructio<br>n | wholesale&retai<br>l trade;Repair of<br>motorvehicles | Transpor<br>t Storage | Accomodation&foo<br>d service activities | Information<br>and<br>Communicatio<br>n |
| 51,778                                                        | 5,988                          | 48,360            | 5,266                  | 2,365                                | 3,131            | 13,146                                                | 45,136                | 4,725                                    | 7,152                                   |

| GCP by Economic Activity at Current Prices, 2022 Ksh,Millions (cont'd) |                              |                                        |                                    |                                         |           |                                                  |                                 |                                                 |         |
|------------------------------------------------------------------------|------------------------------|----------------------------------------|------------------------------------|-----------------------------------------|-----------|--------------------------------------------------|---------------------------------|-------------------------------------------------|---------|
| Financial&Insuarance<br>activities                                     | Real<br>estate<br>activities | proffesional<br>&Technical<br>services | Administrative<br>support services | Public<br>administration<br>and defense | Education | Human<br>health<br>&Social<br>work<br>activities | other<br>services<br>activities | Financial<br>services<br>indirectly<br>measured | GCP     |
| 4,415                                                                  | 22,406                       | 4,343                                  | 2,665                              | 15,981                                  | 15,225    | 5,193                                            | 7,383                           | -1,482                                          | 263,179 |

*Data Source: KNBS, GCP report 2024.*

### 5.3 Indicative Ceilings by Department/Division/County Entity.

| County Division/Entity                                                | Recurrent   | A-I-A       | Development | Total         |
|-----------------------------------------------------------------------|-------------|-------------|-------------|---------------|
| County Assembly                                                       | 790,822,008 |             | 141,681,117 | 932,503,125   |
| Office of the Governor                                                | 364,000,000 |             |             | 364,000,000   |
| County Attorney                                                       | 30,000,000  |             | 17,000,000  | 47,000,000    |
| County Secretary                                                      | 29,000,000  |             |             | 29,000,000    |
| County Division for Finance                                           | 186,518,500 |             | 875,000,000 | 1,061,518,500 |
| County Division for Economic Planning                                 | 308,037,170 |             |             | 308,037,170   |
| County Division for Resource Mobilization                             | 125,000,000 |             |             | 125,000,000   |
| County Division for Agriculture                                       | 208,000,000 |             | 304,000,000 | 512,000,000   |
| County Division for Livestock                                         | 55,000,000  |             |             | 55,000,000    |
| County Division for Blue Economy                                      | 11,000,000  |             | 67,000,000  | 78,000,000    |
| County Division for Water Services                                    | 50,000,000  |             | 949,000,000 | 999,000,000   |
| County Division for Environment and Natural Resources                 | 140,000,000 |             | 20,000,000  | 160,000,000   |
| County Division for Early Childhood Education and Vocational Training | 170,000,000 |             | 965,000,000 | 1,135,000,000 |
| County Division for ICT and E-Government                              | 25,768,962  |             |             | 25,768,962    |
| County Division for Health and Sanitation Services                    | 455,000,000 | 500,000,000 | 538,620,000 | 1,493,620,000 |
| County Division for Roads & Transport                                 | 100,000,000 |             | 975,000,000 | 1,075,000,000 |
| County Division for Public Works                                      | 39,876,543  |             |             | 39,876,543    |
| County Division for Lands & Energy                                    | 76,357,777  |             | 146,818,880 | 223,176,657   |

|                                                                      |                      |                    |                      |                       |
|----------------------------------------------------------------------|----------------------|--------------------|----------------------|-----------------------|
| County Division for Physical Planning, Urban Development and Housing | 15,459,418           |                    | 98,717,032           | 114,176,450           |
| Kilifi Municipality                                                  |                      |                    | 80,772,436           | 80,772,436            |
| Malindi Municipality                                                 |                      |                    | 70,300,000           | 70,300,000            |
| Watamu Municipality                                                  |                      |                    | 70,427,564           | 70,427,564            |
| Mtwapa Municipality                                                  |                      |                    | 70,500,000           | 70,500,000            |
| Mariakani Municipality                                               |                      |                    | 63,000,000           | 63,000,000            |
| Gender & Social Services                                             | 32,000,000           |                    | 25,000,000           | 57,000,000            |
| County Division for Youth Affairs and Sports                         | 40,500,000           |                    |                      | 40,500,000            |
| County Division for Trade                                            | 85,000,000           |                    | 610,000,000          | 695,000,000           |
| County Division for Cooperative Development                          | 84,336,142           |                    |                      | 84,336,142            |
| County Division for Tourism Promotion                                | 87,000,000           |                    |                      | 87,000,000            |
| County Public Service Board                                          | 117,540,000          |                    |                      | 117,540,000           |
| County Division for Public Service Management                        | 4,217,150,114        |                    | 75,000,000           | 4,292,150,114         |
| County Division for Devolution & Civic Education                     | 35,200,000           |                    | 112,000,000          | 147,200,000           |
| County Division for Special Programs and Disaster Management         | 84,807,085           |                    |                      | 84,807,085            |
| <b>TOTAL</b>                                                         | <b>7,963,373,719</b> | <b>500,000,000</b> | <b>6,274,837,029</b> | <b>14,738,210,748</b> |

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