



**COUNTY GOVERNMENT OF  
MOMBASA  
COUNTY TREASURY**

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**MEDIUM TERM  
FISCAL STRATEGY PAPER**

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## **Foreword**

The Mombasa County Fiscal Strategy Paper 2017/2018 lays down the framework for the preparation of the 2017/2018 County budget in accordance with the Public Finance Management Act 2012, section 117. It sets out the County Government of Mombasa's economic policies and key priority programs to be implemented in the Medium Term Expenditure Framework (MTEF) in line with Mombasa County Integrated Development Plan 2013-2017. This is the fourth Fiscal Strategy Paper since the operationalization of the County Governments and the last one to implement the CIDP 2013-2017.

The County priorities and goals outlined herein are based on the County Integrated Development Plan and the inputs from the public participation fora with focus on: Investing in quality and accessible Health Care, Youth, Sports & Gender empowerment, Provision of Quality Education, Water & Transport Infrastructure Development and Improved Land Services.

The Fiscal Framework hereby is expected to raise efficiency and productivity in the County's economy and in turn accelerate and sustain inclusive growth, create opportunities for productive growth and ensure high standards of living for Mombasa County residents.

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**COUNTY EXECUTIVE COMMITTEE MEMBER**  
**FINANCE AND ECONOMIC PLANNING.**

## **Acknowledgement**

The Mombasa County Fiscal Strategy Paper 2017/2018 is a result of contribution and concerted efforts of many people. The paper is informed by the Public Finance Management Act 2012 Section 117 (1) which stipulates that the County Treasury should prepare the Fiscal Strategy Paper for the County. This Strategy Paper sets out broad strategic priorities and policy goals that will guide the Mombasa County Government in preparing its budget for coming Financial Year 2017/2018 and over the medium term.

The preparation of this fiscal strategy paper continues to be a collaborative effort from an array of expertise of professionals and key stakeholders in the County. We are grateful for their inputs. We are also grateful for those who provided inputs during the various public participation fora conducted in the County, in addition to comments from the Commission for Revenue Allocation and other stakeholders.

Immense appreciation goes to the Executive Member for Finance and Economic Planning for the good will and guidance provided during the entire period of preparation of this document. A core team in the Accounting and Budget and Economic Planning units spent significant amount of time consolidating this policy document.

We are particularly grateful to Ms. Jane Githui (Director Budget & Economic Planning), Mr. Evans Kametu (UN Volunteer) and Mr. Affan Mohamed (Head of External Economic Affairs) for working tirelessly in the development of this document.

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## **Abbreviations and Acronyms**

<b>ADP</b>	Annual Development Plan
<b>CAPEX</b>	Capital Expenditure
<b>CBEF</b>	County Budget and Economic Forum
<b>CIDP</b>	County Integrated Development Plan
<b>CFSP</b>	County Fiscal Strategy Paper
<b>CGM</b>	County Government of Mombasa
<b>COB</b>	Controller of Budget
<b>ECDE</b>	Early Childhood Development
<b>FDI</b>	Foreign Direct Investments
<b>FY</b>	Financial Year
<b>G-Pay</b>	Government pay System
<b>ICT</b>	Information Communication Technology
<b>IFMIS</b>	Integrated Financial Management Information System
<b>KNBS</b>	Kenya National Bureau of Statistics
<b>LAIFOMS</b>	Local Authority Integrated Financial Operating Management System
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTP</b>	Medium Term Plan
<b>PFM</b>	Public Finance Management



## **Executive Summary**

The fiscal strategy of the County Government of Mombasa for the year 2017/2018 is set out in this paper. The CFSP is prepared in accordance to PFM Act section 117 which states that, the County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper (CFSP) for approval and then shall submit the approved Fiscal Strategy Paper to the County Assembly, by the 28<sup>th</sup> February of each year. However, with 2017 being an election year, there is a revised budget calendar in place which requires the CFSP to be in the County Assembly by 10<sup>th</sup> November for approval. The contents of the CFSP are largely informed by the PFM Act section 117(2) which provides for the aligning of the CFSP with the national objectives in the Budget Policy Statement.

The fiscal framework is guided by various principles which are in line with the medium term expenditure framework and the County Integrated Development Plan (CIDP) among them: A strong revenue effort to ensure that the county budget has no deficit, budget expenditures are consistent with agreed county and sectoral priorities with increased shift away from recurrent to capital expenditures while ensuring resources for operation and maintenance of capital stock is provided for while at the same time providing sufficient fiscal space for infrastructural and social programmes necessary to achieving CIDP. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development. The key County priority areas are; investing in quality and accessible Health Care, Youth, and Sports & Gender empowerment, Provision of Quality Education, Water & Transport Infrastructure Development and Improved Land Services. The County Government is committed to ensuring prudence in public expenditure management.

The fiscal strategy Paper serves as the basis for the preparation of the annual estimates of revenue and expenditure for the County of Mombasa Budget 2016-17. The fiscal strategy Paper is a crucial requirement according to the Public Finance Management Act, 2012 as it requires the adoption of a multi-year perspective in budgeting to allocate public resources on a rolling basis over the medium-term.

According to the Kenya's Economic Survey 2016, the World real Gross Domestic Product (GDP) growth decelerated to 3.1 per cent in 2015 from 3.4 per cent in 2014. World current account balance as a percentage of GDP stood at 0.3 percent in 2015 relative to 0.4 per cent in 2014. Global inflation rate eased from 3.5 per cent in 2014 to 3.3 per cent in 2015 as a result of decline in international oil and other commodity prices. Total global unemployment stood at 197.1 million in 2015. The world merchandise trade volume grew by 3.2 per cent. The advanced economies experienced a modest economic recovery, mainly driven by stronger domestic demand as labour markets and credit conditions improved. Emerging markets and developing economies experienced low commodity prices, weaker capital flows, subdued global trade and increasing financial market volatility.

The economic growth in Sub-Saharan Africa (SSA) slowed from 5.1 per cent in 2014 to 3.8 per cent in 2015. Similarly there was a slowed growth of 3.4 per cent for the East Africa Community mainly associated with political instability in Burundi and uncertainties associated with general elections in Tanzania and Uganda.

In the Domestic Economy, The Gross Domestic Product (GDP) grew by 5.6 per cent in 2015 compared to 5.3 per cent growth in 2014. This expansion was as a result of significant growth in some key sectors among them agriculture; construction; real estate; and financial and insurance. However, growths in mining and quarrying; information and communication; and wholesale and retail trade decelerated during the same period. Accommodation and food services were the only sector whose growth contracted by 1.3 per cent which was however an improvement from the previous year decline of 16.7 per cent.

Key macroeconomic indicators remained relatively stable during the review period. Overall, inflation eased from 6.9 per cent in 2014 to 6.6 per cent in 2015 due to lower energy and transport prices. The current account deficit as a percentage of GDP narrowed from 14.5 percent in 2014 to 11.4 per cent in 2015. This was due to a substantial growth in export of goods and services and a reduction in the import bill. The Kenyan Shilling depreciated against its major trading currencies during the review period but appreciated against the Euro, South Africa Rand and the Japanese Yen, respectively. Despite the monetary authorities adjusting the Central Bank rate

(CBR), the weighted average interest rates on commercial banks loans and advances rose by 1.40 percentage points to 17.45 per cent in December 2015 compared to a rise of 15.99 per cent in December 2014. The volume of stocks traded at the Nairobi Securities Exchange (NSE) declined significantly from a high of 5,346 points in the first quarter of 2015 to 4,040 points in December 2015.

In the financial year 2017/2018 the Mombasa County estimates total revenue amounting to 10.8 Billion; Total exchequer issues of Kshs 7 Billion; including equitable share of Kshs 6.3 Billion, Conditional grants Kshs 700 Million, and local collected revenue of 3.8 Billion.

In the 2016/2017 fiscal year, an annual budget of Kshs 9.9B was passed. The approved combined spending of Kshs 9 Billion, of which Kshs 3.1 Billion was allocated to capital spending and 6.8 Billion to recurrent spending. The budget is to be financed from 6.3 Billion from exchequer issues and 3.6 Billion from local revenue collections. Of budgeted revenue for FY 2016/2017 as at 30<sup>th</sup> September, 2016 which is the first quarter Kshs 1.9 Billion was realized. The shortfall in local revenue is expected to be bridged by the end of 3<sup>rd</sup> quarter.

The main challenges that continue to be experienced relate to low levels of local revenue collection, bloated wage bill, huge pending bills that were inherited from the Municipal Council some of which are statutory deductions that accrue huge interests. There is still lack of technical capacity at the county level and the conflicting interests between sustaining of the old and new systems coupled with an over estimation of revenue that would be collected locally which brings in place an over ambitious budget which in turn accrues pending bills.

The challenges will be tackled by effectively operationalizing the MTEF, through deepening the existing institutional framework, increased partnership between the public, private, civil and community organizations in prioritizing of needs and allocation of resources, coming up with realistic revenue projections, strengthening planning and budgeting capacities at the county levels through provision of adequate resources, improving on the systems of accountability and transparency and ensuring that all budgeting processes are grounded on a firm legal framework. In the light of current revenue realities and some unanticipated expenditure items, the Government

is seeking to rationalize recurrent spending and to identify and resolve Revenue leakages. In addition the county has fully adopted IFMIS, G-Pay systems and automated some main revenue streams such as electronic business permit, e-construction, and parking and introduced an Mpesa platform for barriers and Kongowea market aimed at enhancing financial accountability and reporting.

## Legal Context

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

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

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

- (a) The Commission on Revenue Allocation;
- (b) The public;
- (c) Any interested persons or groups; and
- (d) Any other forum that is established by legislation.

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

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

## **Fiscal Responsibility Principles**

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

The PFM law (Section 15) states that:

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

# **CHAPTER ONE**

## **1.0 Enhancing Economic Transformative and Shared Prosperity in Mombasa**

### **1.1 Introduction**

#### **1.1.0CFSP Overview**

1. The 2017 Mombasa County Fiscal Strategy Paper identifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for Financial Year (FY) 2017/2018 and the Medium Term. The paper covers the following broad areas: review of the fiscal performance of FY 2015/16, the fiscal performance of first quarter of the FY 2016/2017; highlights of the recent economic developments and economic outlook; broad strategic priorities and policies for FY 2017/2018 as indicated in the Annual Development Plan and the Medium Term Fiscal Framework as outlined in the Mombasa County Integrated Development Plan (CIDP) 2013-2017.
2. The county will continue reorienting expenditure towards those priority programmes outlined in County's Integrated Development Plan and as identified in public consultative forums. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development. The key County priority areas are;
  - a) Investing in quality and accessible Health Care
  - b) Youth, Sports & Gender empowerment
  - c) Provision of Quality Education
  - d) Water & Transport Infrastructure Development
  - e) Improved Land Services
3. The focus of the County Fiscal Strategy paper and Medium Term Plan is to; invest in transport infrastructure for economic efficiency and scaling investments in other key infrastructures, Provide quality portable water and improve sanitation and sewerage services, Create a conducive business environment and better livelihoods



through improved land services, Invest in quality and accessible healthcare services and Provision of quality basic education. The implementation of projects and programs under the five strategic objectives are all geared towards an enhanced economic development.

### **1.1.1 CFSP Process Overview**

4. In accordance with Section 117 of the Public Finance Management Act, 2012 various stakeholders were consulted in the preparation of the Mombasa County Fiscal Strategy Paper 2017. In October 2016 sector (Departments) hearings were held and their respective submissions on their key priority areas captured. Prior to the Public participation fora there was an invite in the local dailies (Standard and the Star Newspapers) on 22<sup>nd</sup> October 2016; this was followed by announcement in the local radio stations (Radio Salaam and Pili Pili radio) and mobile public address system to sensitize the public on the oncoming Fiscal Strategy Paper consultative fora from 26<sup>th</sup>- 27<sup>th</sup> October 2016 in six different venues in the sub counties. The residents gave their contributions on the key priority areas as captured in the 2017 Mombasa County fiscal strategy paper.
5. A draft fiscal strategy paper was compiled and circulated to the Executive committee members and the CBEF for their input.

### **1.1.2 Objective**

6. The objective of the 2017/2018 County Fiscal Strategy Paper is to lay down the framework for the preparation of the County budget. It is a requirement under section 117 of the Public Finance Management Act, 2012 that each County Treasury shall prepare and submit to the County Executive Committee the Fiscal Strategy Paper for approval, and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by the 28<sup>th</sup> February of each year and for the 2017/18 FY by 10<sup>th</sup> November 2016.
7. This Fiscal Strategy Paper contains the following:
  - The principles that will guide the 2017/2018 budgetary process;

- The broad fiscal parameters for the 2017/2018 budget and the key strategies and policies for management of revenues and expenditures;
- The broad strategic priorities and policy goals that will guide the preparation of the budget over the medium term;
- A discussion of risks to the budget parameters and Budget Strategies;
- The medium-term outlook for county government revenues and expenditures;
- A discussion of how the Budget Strategies relates to the County priorities as drawn from the County Integrated Development Plan (CIDP); and
- A framework for the preparation of departmental forward budget estimates and the development of detailed budget policies

### **1.1.3 Outline of the 2017/18 Fiscal Strategy Paper**

8. The Fiscal Strategy Paper is presented in four Chapters. After the Introduction presented in Chapter One, which presents an overview and objective of the Paper, Chapter Two outlines the economic context within which the 2017/2018 budget will be prepared. It also presents an overview of the recent economic developments and the macroeconomic outlook covering the global and domestic scene.
9. In Chapter Three, the Paper describes the fiscal framework that will support sustained growth over the medium-term to long term, while continuing to provide adequate resources to facilitate the policy priorities of the County Government while at the same time ensure that the public debt is sustainable.
10. Chapter Four presents the resource envelope and spending priorities for the proposed FY 2017/2018 budget and medium term.

## **CHAPTER TWO**

### **2.1 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK**

#### **2.1.1 National Economic and Fiscal Overview**

11. The fiscal plan in 2016/17 entailed a deliberate effort to continue exercising prudence in public expenditure management with the principal goal of containing fiscal risks, gradually lowering the fiscal deficit, and containing growth of recurrent expenditures in favor of productive capital spending. To achieve this, the Government endeavored to accelerate spending in infrastructure, agriculture, security, health, education, social protection and youth empowerment. The overall objective of this was to realize sustainable, shared and equitable growth that would in return lead to job creation.
12. According to the Kenya's Economic Survey 2016 the key macroeconomic indicators remained relatively stable during the review period. Overall, inflation eased from 6.9 per cent in 2014 to 6.6 per cent in 2015 due to lower energy and transport prices. The current account deficit as a percentage of GDP narrowed from 14.5 percent in 2014 to 11.4 per cent in 2015. This was due to a substantial growth in export of goods and services and a reduction in the import bill.
13. In building and construction, the country witnessed a thriving building and construction sector in 2015 registering a growth of 13.6 per cent in value added. Formal employment in the sector grew by 11.4 percent to stand at 148.0 thousand in 2015 up from 132.9 thousand in 2014. Total proposed development expenditure on roads increased by 79.2 per cent. Consequently, the index of Government expenditure on roads increased from 263.4 in 2014 to 386.7 in 2015 to support projects being undertaken during the year.
14. Tourism earnings went down to Ksh 84.6 billion in 2015 compared to Ksh 87.1 billion in 2014. Similarly, international visitor arrivals declined by 12.6 per cent from 1,350.4 thousand in 2014 to 1,180.5 thousand in 2015. The suppressed performance was on account of security concerns, particularly in the coastal region

and restrictive travel advisories from some European source markets. Bed-nights occupancy decreased by 6.4 per cent from 6,281.6 thousand in 2014 to 5,878.6 thousand in 2015. Number of visitors to museums, snake parks and other historical sites went up by 15.4 per cent to 797.5 thousand in 2015 compared to 690.9 thousand in 2014. The number of visitors to national parks and game reserves declined by 10.8 per cent to 1,953.8 thousand in 2015.

15. Going forward, the economy is projected to expand further by 6.0 percent in 2016 and above 6.5 percent in the medium term supported by strong output in agriculture with a stable weather outlook, continued recovery of tourism and completion of key public projects in roads, rail and energy generation. In addition, strong consumer demand and private sector investment as well as stable macroeconomic environment will help reinforce this growth.

### **2.2.2 County Economic and Fiscal Overview**

16. This County Fiscal Strategy Paper 2017/18 is prepared at a time when Gross Domestic Product (GDP) is estimated to have expanded by 5.6 per cent in 2015 which was a slight improvement compared to a 5.3 per cent growth in 2014. This growth was mainly supported by a stable macroeconomic environment and improvement in outputs of agriculture; construction; finance and insurance and real estate. However, growth slowed in a number of sectors including; information and communication, mining and quarrying, and wholesale and retail trade. Similarly, growth in taxes on products slowed during the review period. The growth of accommodation and food services contracted by 1.3 per cent, a less severe performance compared to a revised decline of 16.7 per cent in 2014.
17. The country's Tourism earnings went down to Ksh 84.6 billion in 2015 compared to Ksh 87.1 billion in 2014. Similarly, international visitor arrivals declined by 12.6 per cent from 1,350.4 thousand in 2014 to 1,180.5 thousand in 2015. The suppressed performance was on account of security concerns, particularly in the coastal region and restrictive travel advisories from some European source markets which continues to negatively impact on revenue collection in the County.

18. The completion of the airport North road and the ongoing standard gauge railway currently under construction will ease traffic congestion and reduce transport cost in the long run hence trigger positive impact in the county economic growth. The county will implement the integrated strategic urban development plan 2015 -2035 (master plan); which is a 20 year development urban plan for the county containing all the sectors. This master plan will guide the county in future urban planning.

### **Fiscal Performance and Emerging Challenges**

19. The Mombasa County Assembly approved the 2016/2017 budget with expenditures amounting to Kshs.9, 925,754,293, comprising of recurrent expenditure of Kshs. 6,849,882,919, and development expenditures of Kshs.3, 075,871,374. This budget is financed by Kshs. 3,567,804,555 from local revenue sources and total exchequer issues of Kshs 6,328,843,626 including Kshs. 5,608,593,922 from national equitable share, Kshs 3,150,000 from DANIDA to support the health sector services, Kshs. 369,942,197 conditional Grant for Mombasa Level Five Hospital, Free Maternal Health Care Grant Kshs. 125,722,505, CA-User Fees Forgone Kshs.23, 514,312, Road maintenance levy Grant Kshs. 86,176,009, leasing of Health Equipment Kshs. 95,744,681 Million, Capacity and Performance Grant (World Bank) Kshs. 29,106,112 and Conditional Grant-Other Loans and Grants of Kshs. 16,000,000.

20. Fiscal outcome for the quarter of the financial year was fairly satisfactory, but revenue shortfalls continue to persist amid rising expenditure pressures. Expenditure pressures relate to the rising wage bill resulting from personnel emoluments. Currently the wage bill is amounting to Kshs. 4.4 Billion taking up a substantial amount of the county revenue. Wage pressures are likely to also impact on pensions that would increase the County Government's contingent liability. Continued recruitment is unsustainable and poses risk to the stability of the budget for 2017/2018 in the face of resource requirement for County development. There is therefore, need to develop a wage policy for the county.

21. Budget implementation continues to be a challenge due to frequent downing of Integrated Financial Management Information (IFMIS) to the main server at the National Treasury. There is therefore an urgent need to address the challenge of connectivity and the corresponding bandwidth to increase the transaction speed. The inadequate human capacity and infrastructure to operationalize the system more efficiently also needs redress.
22. The County has other revenue collection systems that are not integrated to the Local Authority Integrated Financial operating management system (LAIFOMS) which hinders accurate revenue report generation.

### **Budget Out-turn, July - October 2016**

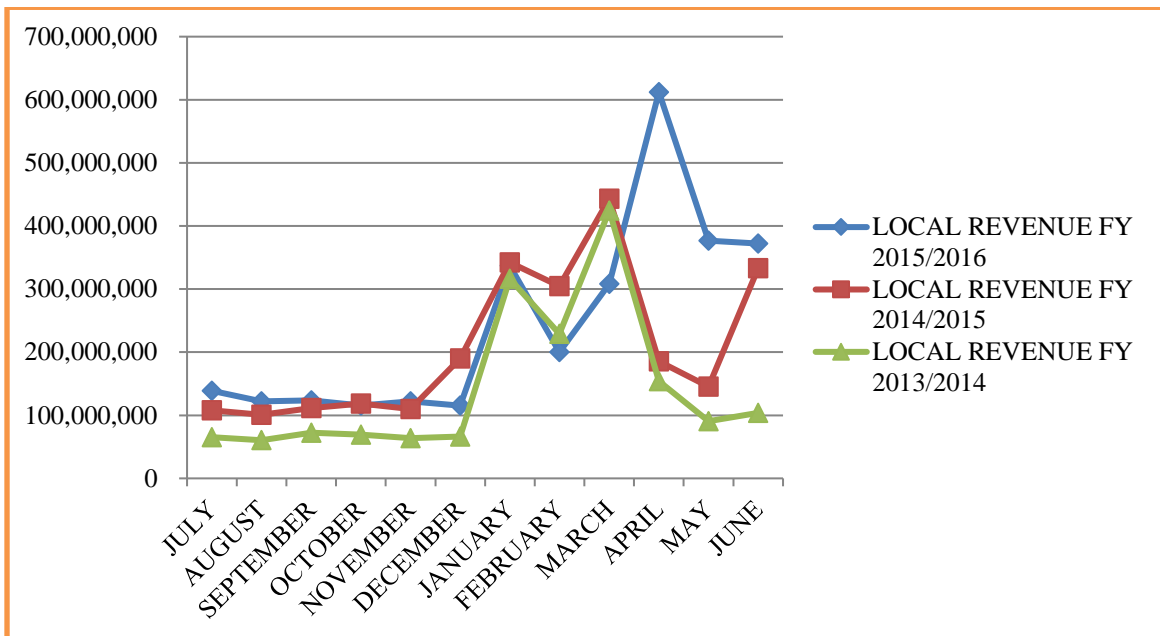
23. In the current financial as at 30<sup>th</sup> September 2016 the actual collection attained in the first quarter was Kshs. 1, 869,371,453 which is 19% of the total estimated budget of Kshs.9, 925,754,293. The local revenue is notably performing poorly recording 10%.

**Table 1: Local Revenue Realized Figures within FOUR FINANCIAL YEARS**

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
<b>July</b>	93,008,977	65,474,678	107,993,724	138,888,662
<b>August</b>	154,893,230	60,450,661	100,777,052	121,870,568
<b>September</b>	94,174,270	72,349,333	111,228,807	123,410,370
<b>October</b>	101,793,797	69,522,513	118,510,601	115,703,161
<b>November</b>	103,805,315	63,509,029	110,127,777	122,057,894
<b>December</b>	129,514,750	66,354,138	190,190,455	115,254,598
<b>January</b>	184,884,017	316,481,290	342,310,961	337,329,057
<b>February</b>	121,053,741	229,137,754	304,617,946	200,260,788
<b>March</b>	129,237,357	424,318,844	443,292,331	308,215,252
<b>April</b>	131,816,782	154,261,569	185,264,925	612,075,951
<b>May</b>	94,323,196	90,435,591	145,379,105	376,582,733
<b>June</b>	76,206,172	103,573,432	332,906,461	371,871,652
<b>Totals</b>	<b>1,414,711,604</b>	<b>1,715,868,830</b>	<b>2,492,600,145</b>	<b>2,943,520,686</b>

*Source: County Treasury*

**Figure 1: Local Revenue Trend Analysis from Year 2013/2014 to 2015/2016**



Source: County Treasury

**Table 2: Summary of Revenue Analysis FY-2015/2016**

FINANCE AND ECONOMIC PLANNING	ANNUAL BUDGETED	ACTUAL REVENUE COLLECTED	(%) Performance
Equitable share	5,197,893,976	5,197,893,975	100%
Level 5 Hospital Grant	402,918,857	402,910,860	100%
Free Maternal Health Care Grant	136,246,600	98,447,500	72%
Leasing of Medical Equipment	95,744,681	35,125,117	37%
DANIDA	6,300,000	0	0%
CA-User Fees Forgone	21,896,682	21,896,682	100%
COUNTY HEALTH	663,106,820	536,992,524	81%
Road maintenance levy Grant	66,030,539	33,345,423	51%
TOTAL NATIONAL GOVERNMENT ISSUES	5,927,031,335	5,768,231,922	97%
<b>GRAND TOTALS</b>	<b>9,978,786,273</b>	<b>8,733,140,243</b>	<b>88%</b>

Source: County Treasury

## Development and Recurrent Expenditures

24. The Expenditure for the first quarter is Kshs. 1,291,444,065 out of which Kshs.617,651,789 was Compensation of Employees, Kshs. 107,119,828 was spent on goods and services, Kshs. 10,000,000 was spent on other grants and transfers and Kshs. 183,921,565 spent on Acquisition of Assets.

**Table 3: Overview of the County's Receipts and Expenditures Performance as at 30<sup>th</sup> September 2016**

1 <sup>ST</sup> Quarter 2016-2017	
<b>RECEIPTS</b>	Kshs
Exchequer releases	1,494,634,031
Transfers from Other Government Entities	23,393,713
Other Receipts	351,343,709
<b>TOTAL REVENUES</b>	<b>1,869,371,453</b>
<b>PAYMENTS</b>	
Compensation of Employees	617,651,789
Use of goods and services	107,119,828
Subsidies	0
Transfers to Other Government Units	
Other grants and transfers	10,000,000
Social Security Benefits	
Acquisition of Assets	183,921,565
Finance Costs, including Loan Interest	
Repayment of principal on Domestic and Foreign borrowing	
Other Payments	372,750,882
<b>TOTAL PAYMENTS</b>	<b>1,291,444,065</b>
<b>SURPLUS/DEFICIT</b>	<b>577,927,388</b>

Source: County Treasury



**Table 4: Departmental Percentage Recurrent Expenditure as compared to their budget  
FY2015/2016**

DEPARTMENTS	APPROVED BUDGET	SUPPLEMENTARY BUDGET	TOTAL EXPENDITURE	% UTILIZATION
	A	B	C	D=C/B %
County Executive	878,245,458	719,524,747	630,631,256	88%
County Assembly	683,779,916	684,379,916	507,256,191	74%
Public Service Board	68,703,495	63,943,768	42,201,643	66%
Finance and Economic planning	630,727,875	1,044,634,767	893,247,496	86%
Tourism, Development and Culture	103,314,736	110,694,021	79,636,599	72%
Children (Care, Education, Environment )	249,796,774	244,620,702	197,653,823	81%
Health Services	2,241,136,914	2,228,096,407	2,065,129,566	93%
Water & Natural Resources	442,424,953	488,409,054	450,753,221	92%
Youth, Gender and Sports	130,840,577	147,323,995	83,689,758	57%
Trade, Energy and Industry	381,589,267	328,496,527	275,159,482	84%
Lands, Planning & Housing	217,986,583	201,516,496	138,992,376	69%
Transport and Infrastructure	521,222,713	385,359,071	311,327,732	81%
Agriculture, Livestock & Fisheries.	202,184,150	176,185,434	94,759,753	54%
<b>TOTAL</b>	<b>6,751,953,411</b>	<b>6,823,184,905</b>	<b>5,770,438,896</b>	<b>85%</b>

Source: County Treasury

**Departmental percentage Development Expenditure as compared to their budget  
FY2015/2016**

DEVELOPMENT FY2015/2016				
DEPARTMENTS	APPROVED BUDGET	SUPPLEMENTARY BUDGET	TOTAL EXPENDITURE	% UTILIZATION
	A	B	C	D=C/B %
County Executive	273,000,000	160,163,916	144,856,342	90 %
County Assembly	35,000,000	35,000,000	7,383,000	21 %
Public Service Board	21,200,000	2,337,498	0	0 %
Finance and Economic planning	657,488,505	888,647,234	884,745,828	100 %
Tourism, Development and Culture	134,871,309	41,928,465	32,096,775	77 %
Children (Care, Education, Environment )	431,798,746	276,833,101	259,448,894	94 %
Health Services	503,516,777	359,152,675	220,147,244	61 %
Water & Natural Resources	327,700,000	48,272,912	41,516,311	86 %
Youth, Gender and Sports	599,699,826	106,455,455	105,327,070	99 %
Trade, Energy and Industry	247,828,500	25,053,500	14,732,537	59 %
Lands, Planning & Housing	100,500,000	214,967,840	184,910,362	86 %
Transport and Infrastructure	718,207,694	949,501,972	864,193,439	91 %
Agriculture, Livestock & Fisheries.	114,698,911	47,286,800	15,247,450	32 %
<b>TOTAL</b>	<b>4,165,510,268</b>	<b>3,155,601,368</b>	<b>2,774,605,252</b>	<b>88%</b>

Source: County Treasury

Departmental Percentage Total Expenditure as compared to their budget FY2015/2016

<b>TOTAL BUDGET FY2015/2016</b>				
<b>DEPARTMENTS</b>	<b>APPROVED BUDGET</b>	<b>SUPPLEMENTARY BUDGET</b>	<b>TOTAL EXPENDITURE</b>	<b>% UTILIZATION</b>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D=C/9,978,486,273</b>
County Executive	1,151,245,458	879,688,663	775,487,598	8
County Assembly	718,779,916	719,379,916	514,639,191	5
Public Service Board	89,903,495	66,281,266	42,201,643	0
Finance and Economic Planning	1,288,216,380	1,933,282,001	1,777,993,324	18
Tourism, Development and Culture	238,186,045	152,622,486	111,733,374	1
Children (Care, Education, Environment )	681,595,520	521,453,803	457,102,717	5
Health Services	2,744,653,691	2,587,249,082	2,285,276,810	23
Water & Natural Resources	770,124,953	536,681,966	492,269,532	5
Youth, Gender and Sports	730,540,403	253,779,450	189,016,828	2
Trade, Energy and Industry	629,417,767	353,550,027	289,892,019	3
Lands, Planning & Housing	318,486,583	416,484,336	323,902,738	3
Transport and Infrastructure	1,239,430,407	1,334,861,043	1,175,521,171	12
Agriculture, Livestock & Fisheries.	316,883,061	223,472,234	110,007,203	1
<b>TOTAL</b>	<b>10,917,463,679</b>	<b>9,979,486,273</b>	<b>8,545,044,148</b>	<b>86 %</b>

Source: County Treasury

### **2.2.3 Strategic Priorities and Interventions**

25. The County Government will continue with strategic interventions to accelerate growth and improve competitiveness. Specifically, the following strategies will be implemented:

#### **1. Investing in Quality and Accessible Healthcare Services**

26. The county government is committed to continuously improve access to and quality of health services in the county through promotion and provision of integrated and high quality curative, preventive and rehabilitative services that are equitable, responsive, accessible and accountable to everyone.

27. The health sector faces numerous challenges, which include inadequate infrastructure for service delivery, shortage of qualified health personnel, and erratic supply of medicines and medical supplies among others.

28. In the medium term, the sector will seek to address these challenges through continued investment in service delivery, health workforce, health infrastructure, health products and technologies, health information, health financing including venturing on Public Private Partnerships (PPP) and leadership governance.

29. The key interventions will include increasing immunization coverage, health education and screening services, procuring essential medical supplies, procuring and/ leasing equipment and furniture, construction and equipping health facilities through the proposed Accelerated health service programme, refurbishment of existing health facilities, strengthening the Health management information system (HMIS), installation of solar panels and plumbing works at County referral facility.

30. The resources required under the Health Department are captured under budget estimates and guided by the core mandates of the sectors. The resources allocated will be used to implement projects aimed at achieving accessibility, affordability of health services, and reduction of health inequalities and optimal utilization of health services. These resources will, therefore, target to improve access, quality and equity in the provision of health services.

## **2. Youth, Gender and Sports Empowerment**

31. Mombasa county government will continue addressing the unemployment issue through continued implementation of empowerment programs targeting the youth, women and people living with disabilities. Currently the Youth, Gender and Sports Department is involved in training of youth in entrepreneurial skills and livelihood skills, issuance of revolving fund, refurbishment of sports facilities, gender mainstreaming, Provision of Sports equipment's for various clubs in the county and Promotion of talents (Art and music).
32. In the FY 17/18 Mombasa county government will continue to; nurture & Promote local talents; improve ten social halls in the county, improve sports facilities, empower youth, women and people living with disabilities through development programs, conduct Sports training/ capacity building initiatives and facilitation of sports equipment to all sports disciplines.

## **3. Provision of Quality Education**

33. Mombasa County Government is committed to providing quality education services. The sector was created in line with Schedule 4 of the Kenya Constitution 2010 whereby the County Government was given responsibility for Libraries, Village Polytechnics (City Polytechnics), Home Craft (Master Craft) Centres, Child Care Centres and Pre-Primary Education. The department's Mission is to prepare every child for school, career and life this shall be attained through preparing every child for school, career and life.
34. In the financial year 2017/2018 and over the medium term the department will continue rolling out Governor's Award Program, School Milk and fortification Program and School Diary program which are currently being rolled out.
35. The department also intends to develop an effective M&E tool to effectively monitor all the DOEC programs; recruit more ECD teachers and care givers to fill the gap of adequate teaching staff in the ECDs and; to Operationalize the Elimu Development Corporation and Elimu Fund to source funds for Education.

#### **4. Water & Transport Infrastructure Development**

36. To enhance economic growth the county government will continue to invest in key infrastructural projects. The county is committed to have a world class infrastructure for sustainable socio-economic development of Mombasa. The mission is to provide well designed, managed, and maintained, efficient effective, safe and sustainable transport and water infrastructure.
37. The county will continue engaging in public private partnerships like the World Bank who has initiated the projects of construction and rehabilitation of the pipeline network aimed at reducing the non-revenue water to 20%.
38. These programs are vital in attaining the county development objectives, employment creation and poverty reduction. Private-sector participation will be encouraged in these sectors. The County Government will place priority in this sector by ensuring that at least 30% of the development budget is allocated to this critical sector. There will be a continued focus on road infrastructure improvement through maintaining the already existing road networks while also opening up new access roads so as to restore confidence of residents and making the cost of doing business favorable.
39. Transport infrastructure development will continue to revamp the tourism sector in the County. Expansion of the existing road network makes transport affordable and faster for economic efficiency. In Mombasa County the department of water has the role of ensuring that every citizen has access to portable water in a clean and secure environment. Currently the water demand is quite high compared to the supply. The county will continue rolling out solid waste management; preparation of requisite legislation and policies. The county will continue to replace the dilapidated water pipes and expansion and laying of water pipes, coupled with creation of more reservoirs and an option of drilling more boreholes.

#### **5. Improved Land Services**

40. The sector which comprises of the department Land, Planning and Housing in the County continues to be the highest source of local revenue through land rates;

there are intentions to improved land services through enhancing the budget allocation and collaborating in PPPs. The department is in charge of management of land use and ownership; Physical Planning, provision of adequate, clean, affordable and quality housing. The county will implement the Integrated Strategic Urban Development Plan and finalize the Preparation of Mombasa gate city master plan which will guide future the urban planning in terms of infrastructure and land use.

#### **2.2.4 Deepening Inter-County Integration**

41. There is much potential for expanded inter trade and benchmarking with Kilifi, Kwale, Taita-Taveta, Lamu and Tana River Counties, among others. The County Government will continue with collaborative infrastructure investment to enhance improved transport and health services within the region, and removing barriers in trade.

#### **2.2.5 Sustaining Inclusive Growth**

42. Besides mobilizing significant resources and providing an appropriate environment for businesses to thrive, sustaining inclusive growth requires us to continue building transparent, responsive, accountable, efficient and effective government.
43. In addition, the County Government will ensure that gains from growth are widely distributed through sustainable employment in order to guarantee durable reduction in poverty. These will be complimented by measures to address socio-economic inequities and improving the county's human capital. To this end, the County Government will continue implementing the socio-economic priority programmes articulated in the County's first Current Annual Development Plan as well as increased devolved resources to local levels in line with the Constitution.

### **2.2.6 Risks to the Outlook**

44. The risk to the outlook for Mombasa County 2017/2018 budget and medium-term emanate from both external and domestic sources. They include weaker than expected growth in the global economy, continued low demand in advanced and emerging market economies as well as the low commodity prices that may impact negatively on our exports and tourism activities.
45. Further, the uncertainty in the global markets due to potential tightening of US monetary policy and consequent increase in the US interest rates couple with political uncertainty due to the just concluded elections, Britain's vote to exit the European Union and persistent geopolitical uncertainty in the international oil markets may have an impact on our economy.
46. Domestically, the economy is exposed to risks including any occurrence of adverse weather conditions, public expenditure pressures especially recurrent expenditures pose a fiscal risk and any inefficiency in spending government resources that may lower impact of development expenditure, and potential uncertainties associated with the run-up to 2017 elections that could lead to crowding out of investors, thereby dampening short-term growth prospects.
47. The economic outlook assumes stability in the security environment. In the past, insecurity incidences have hampered smooth running of social economic activities in the county. The current economic conditions call for a sustained secure business environment.
48. Looking ahead, due to revenue shortfalls and a high wage bill, the threat of a budget deficit increase is ever present. However, with improved local revenue performance following revenue collection reforms and moderation in recurrent expenditure, the fiscal position is expected to improve in the medium term.

## **2.2.7 Response to Overview of the County's Performance for FY 2017/2018**

49. The following strategies will continue to be employed to raise the revenue for the County to ensure that the planned budget is attained.
50. **Valuation Roll finalization:** In the past years the defunct local authority operated without an up to date valuation roll. In the 2016/2017 the County Government allocated funds towards the finalisation of a new valuation roll that will improve revenue and enhance service delivery.
51. **Enforcement of the Finance Acts and Regulations:** The County Government will ensure that fees and charges are collected according to the Finance Act 2016.
52. **New Sources of Revenue:** The County Government continues to pursue strong revenue collection and new sources of revenues from the devolved functions e.g. Betting and Gaming, Liquor Licensing, Museums, County Parks, Beaches, Recreation facilities, Ferries and Harbors and legislation on the revenue sharing from the Kenya Ports Authority.
53. **Automation of revenue collection:** The County has automated main revenue streams such as electronic business permit, e-construction, and parking and introduced an Mpesa platform for barriers and Kongowea market aimed at enhancing financial accountability and reporting.
54. **Outsourcing revenue collection to third party**
55. **Decentralization of revenue collection at the sub counties and ward levels:** This will ensure that there is maximum revenue collection realized from all corners. Plugging the revenue leakages by training the collectors and ensuring that all the revenue collected are deposited to the nearest commercial bank before the closure of the business. The revenue collectors will also be frequently rotated to new stations to avoid familiarity.
56. **Regular monitoring of revenue** collection points to enhance accountability and seal corruption loopholes.



# CHAPTER THREE

## 3.1 FISCAL POLICY AND BUDGET FRAMEWORK

### 3.1.1 Overview

57. The Mombasa County 2017 Medium-Term Fiscal Framework aims at supporting rapid and inclusive economic growth, operating a balanced budget, ensuring effective delivery of services and supporting sustainable economic growth in the County. This policy underscores the need to shift more public resources from Recurrent Expenditure to Capital Expenditure in order to enhance economic growth. Precisely, the 2017/18 Fiscal Strategy Paper highlights the following:

- The county will continuously look into ways of enhancing revenue collection and achieving greater efficiency in terms of cost savings in recurrent expenditure to ensure priority is given to the development projects.
- Maintaining a lean workforce will assist in checking the wage bill. This will create fiscal space for spending on the key county priorities especially in the social sectors and other development programmes. This will further provide adequate room for future countercyclical fiscal policy in the event of a shock.
- Fiscal consolidation while ensuring that county resources are adequate to promote growth. The County Government is committed to a reduction in the recurrent expenditure to devote more resources to development. At least thirty percent of the total county revenue shall be used in the implementation of development projects.
- In addition, the county will continue venturing in public private partnerships with potential local and foreign investors and other development partners to assist in development of the county.

### 3.1.2 Fiscal Policy Framework

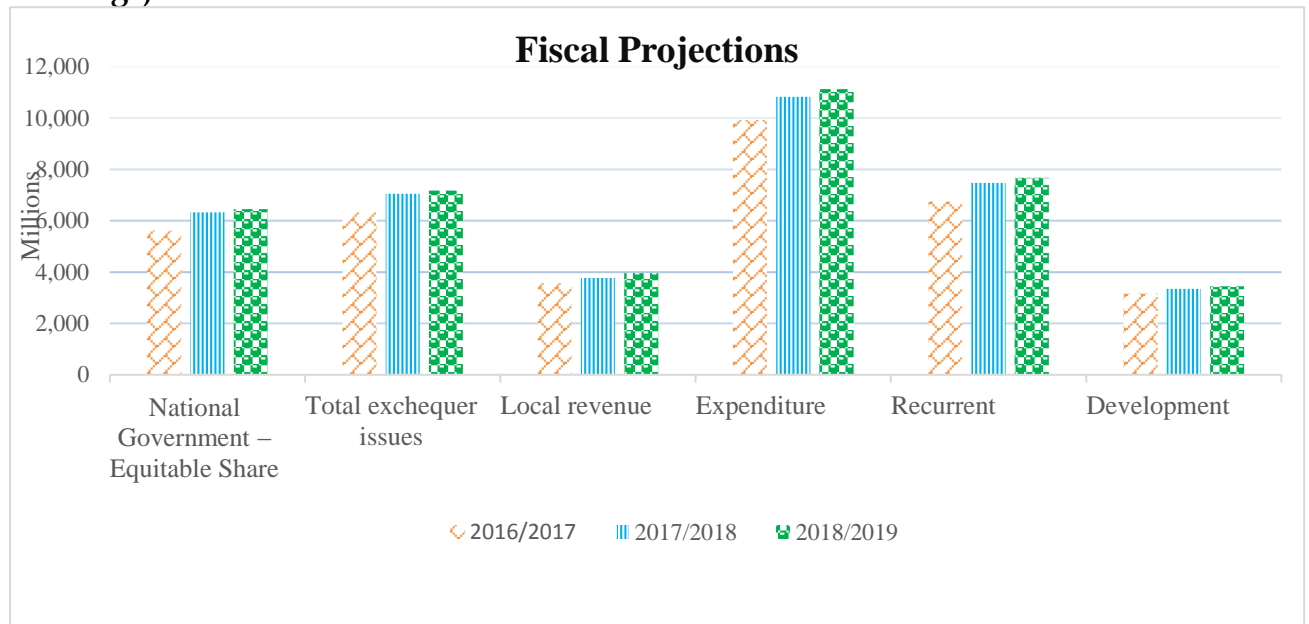
58. Fiscal policy will continue to support County development economic activities while providing platform for the implementation of the CIDP within a context of sustainable public financing. Over the last one year, the County Government has reoriented expenditure towards priority programmes in Health, Youth, Gender and Sports, Education, Transport and Water Infrastructure and Lands under the medium-term expenditure framework (MTEF). This process will be strengthened in the FY 2017/18 by encouraging more private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.
59. The county will continue reorienting expenditure towards those priority programmes as identified in public consultative forums. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development. The expected share of development funds of the total expenditure will be 31%. Recurrent expenditure takes huge chunk of the budget; this is largely attributed to the county wage bill totaling Kshs. 4,661,433,927 which is 43% of the total budget.

**Table 5 : County Government Fiscal projections 2016/17- 2018/19**

Item	2016/2017	2017/2018	2018/2019
<b>Revenue/Grants</b>			
National Government - Equitable Share	5,608,593,922	5,985,491,435	6,449,230,772
Conditional allocation - Level 5 Hospital	369,942,197	476,714,286	369,942,197
Conditional allocation - Free maternal health care	125,722,505	136,246,600	125,722,505
Leasing of medical equipment	95,744,681	95,744,681	95,744,681
DANIDA - Health care support services	3,150,000	3,150,000	3,150,000
Conditional Grant-compensation For User Fees Forgone	23,514,312	21,896,682	23,514,312
Conditional Grant-Road Maintenance Fuel Levy	86,176,009	157,500,000	86,176,009
Conditional Grant-Other Loans and Grants	16,000,000	30,963,949	16,000,000
<b>Total exchequer issues</b>	<b>6,328,843,626</b>	<b>6,907,707,633</b>	<b>7,169,480,476</b>
Capacity and Performance Grant (World Bank)	29,106,112	-	
Local revenue	3,567,804,555	3,911,364,546	3,955,795,371
<b>Expenditure</b>	<b>9,925,754,293</b>	<b>10,819,072,179</b>	<b>11,125,275,84</b>
<b>Recurrent</b>	<b>6,749,512,919</b>	<b>7,466,372,381</b>	<b>7,676,440,335</b>
<b>Development</b>	<b>3,176,241,374</b>	<b>3,352,699,798</b>	<b>3,448,835,513</b>

Source: County Treasury

**Figure 2: County Government Fiscal projections 2015/16- 2018/19(In Millions of Shillings)**



Source: County Treasury

### 3.1.3 Fiscal Responsibility Principles

60. The County Government recognizes that the fiscal stance it takes today will have implications into the future. The principle of sharing the burdens and benefits of the use of resources and public borrowing between the present and future generation implies that we have to make prudent policy decisions today so that we do not impose unwarranted debt burden to our future generations. The County Government will ensure strict adherence to Section 107 of the Public Finance Management (PFM) Act of 2012 which outlines the fiscal responsibility principles.

61. In compliance with Fiscal responsibility as per the Kenya’s Constitution 2010, the County Government will progressively provide for a minimum basic standard of economic and social rights to its citizens within available resources. To ensure economic sustainability increase in government spending will be matched with a corresponding increase in tax revenue yield through efficient collection, widening of tax bases, and reasonable tax rates. It is therefore imperative to reform and modernize the tax regimes to ensure stability of revenue effort, while at the same

time continuing to restructure expenditure systems to ensure efficiency and create fiscal space required to fund these basic needs expenditures on sustainable basis.

### **3.1.4 Fiscal Structural Reforms**

62. Underpinning the fiscal program are measures to raise the proportion of local revenue as a proportion of County's total revenue. For effective and efficient management of financial resources, the County through the revenue directorate will continue to eliminate leakages and enhance revenue collection as well as rationalize expenditure. This will be achieved through continued measures to simplify licenses and fees levies, improve compliance and automation of revenue collection system in order to eliminate leakages and to widen revenue base.
63. On the expenditure side, the County Government will continue to enhance prudent financial management; to improve efficiency and reduce wastage in accordance to section 107 of the PFM Act of 2012.
64. The County Government will continue to institute measures to contain the public wage bill and release needed resources for development funding. These would include payroll cleansing, staff rationalization, identification and trimming off of excess personnel. The County Government will also enhance capacity of the County Government staff so as to encourage proper and transparent use of resources and encourage quality service delivery.

### **3.1.5 Financing Policy**

65. The County Government of Mombasa will have a balanced budget in the FY 2017/2018 and over the medium term.

## **3.2 Mombasa County 2017/2018 Budget Framework**

66. The Mombasa County 2017/18 Budget Framework is set against the background of the Medium-Term macro-fiscal framework set out above, the County Government's strategic objectives and priorities as outlined in the CIDP and the Annual Development Plan (ADP) 2017. The County is expected to actualize key

developments programmes by ensuring sufficient budgetary allocations of the priority areas.

### **3.2.1 Revenue Projections**

67. The Mombasa County 2017/2018 financial year budget targets total revenue amounting to 10.8 billion; Total exchequer issues of Kshs 7 Billion; including equitable share of Kshs 6.3 billion, Conditional grants Kshs 720 Million and local collected revenue of 3.8 billion. This performance will be underpinned by the ongoing reforms in revenue administration. The revenue department will institute measures to expand the revenue base and curb revenue leakages.

### **3.2.2 Expenditure Forecasts**

68. The County Government's expenditure for the FY 2017/18 will be guided by the Annual Development Plan (2017) which outlines the priority areas to be addressed in the FY 2017/2018 in the realization of the CIDP. The total government expenditure is projected to be Kshs. 10.8 Billion.

## **6. Recurrent Expenditure**

69. In the 2017/18 financial year the total recurrent expenditure is estimated to be Kshs. 7.5 Billion Compared to FY 2016/17 at Kshs. 6.7 Billion. The rise in expenditure is attributed to an increase in personnel emoluments, gratuity and a medical scheme for the County Staff and a projected increase in user ministries and departmental operations to enhance public service delivery. The increase attributed to goods and services, expenditure ceilings for County departments are determined by the funding allocation for goods and services in the previous year budget as the baseline.

## **7. Development Expenditure**

70. The County Government will endeavor to allocate adequate resources towards development outlays and spur to complete critical priority projects as outlined in this strategy paper. The County development expenditure for financial year 2016/17 is projected to be at Kshs 3.3 Billion.

### **3.2.3 Fiscal Balance**

71. The county government will adopt a balanced budget for FY 2017/18. Any forthcoming deficit the county government will take prudent measures to reduce appropriations or increase revenues with minimal effects on public service delivery. In the short term the County will thrive to stick its expenditure and commitments based on the actual cash flow. In the medium term, balanced budget will be supported with relevant legislative frameworks in place like the Public Private Partnership (PPP) to enable the County Government implement critical programmes that will accelerate socio-economic development thus providing budget support.

### **3.2.4 Summary**

72. The County fiscal policy 2017, aims at improving revenue efforts as well as containing total expenditures. This will be achieved through efforts aimed at enhancing resource mobilization, improving efficiency in government expenditure. The created fiscal space will avail resources to scale up investments in the county's priority areas of Health, Youth, Gender and Sports development, Education, Transport & Water infrastructure and Lands and as captured in the CFSP.

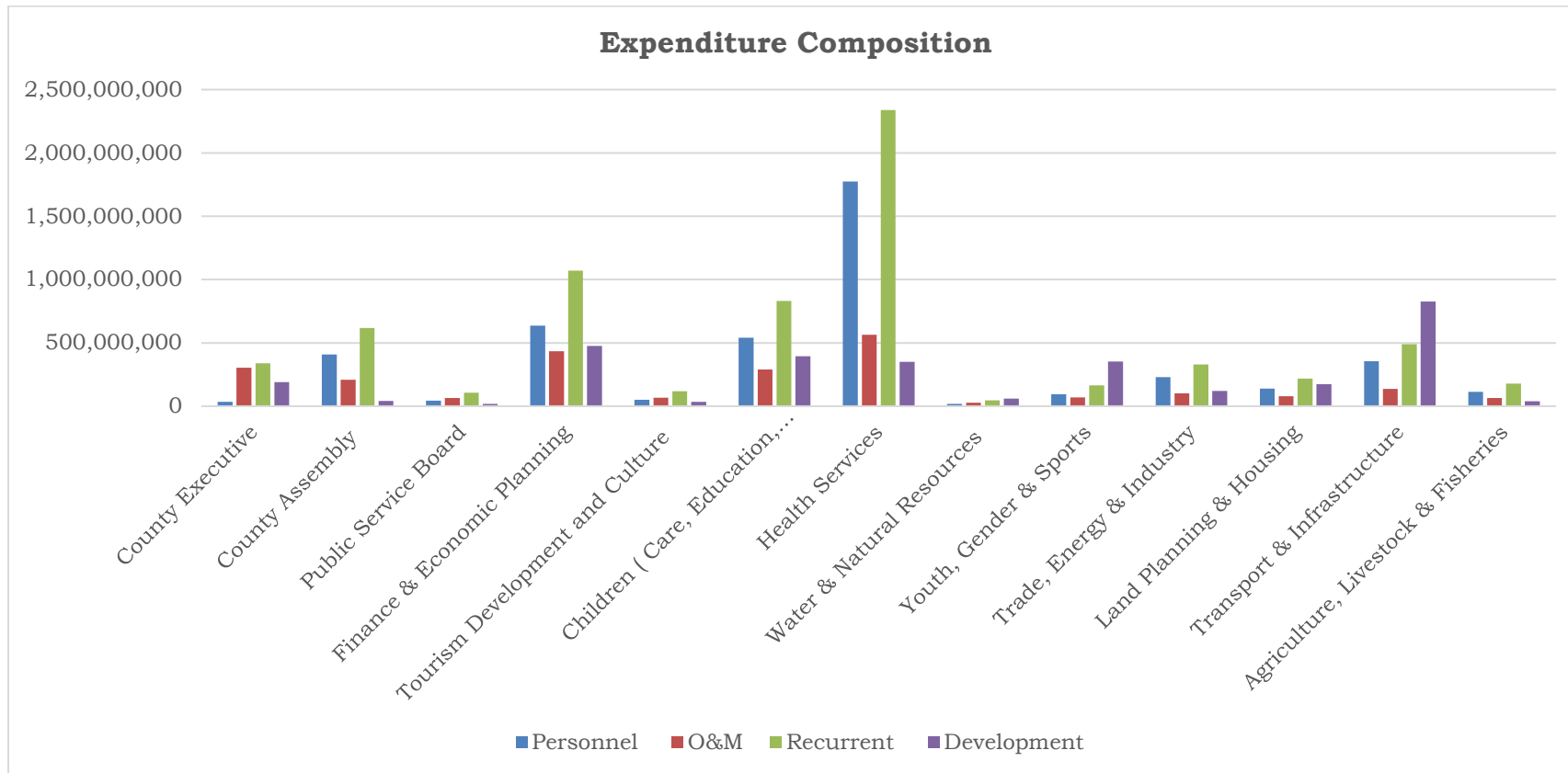
Table7, below shows the spending composition Per Department resulting from the FY 2016/2017 Budget,

**Table 6: Approved Budget2016/17**

DEPARTMENTS	Personnel	O&M	Recurrent	Development	Totals	% Share
County Executive	33,503,074	304,728,537	338,231,611	191,195,979	529,427,590	5%
County Assembly	409,578,999	208,964,361	618,543,360	40,613,408	659,156,768	7%
Public Service Board	43,655,881	63,728,484	107,384,365	19,197,984	126,582,349	1%
Finance & Economic Planning	635,274,381	434,684,415	1,069,958,796	475,005,592	1,544,964,388	16%
Tourism Development and Culture	51,471,362	67,039,003	118,510,365	33,442,835	151,953,200	2%
Children ( Care, Education, Environment)	541,373,324	289,370,000	830,743,324	393,606,748	1,224,350,072	12%
Health Services	1,774,707,652	564,936,103	2,339,643,755	350,075,022	2,689,718,777	27%
Water & Natural Resources	18,746,326	28,119,489	46,865,815	60,000,000	106,865,815	1%
Youth, Gender & Sports	94,974,378	68,440,942	163,415,320	352,458,256	515,873,576	5%
Trade, Energy & Industry	228,585,083	101,000,000	329,585,083	120,341,126	449,926,209	5%
Land Planning & Housing	139,768,303	78,000,000	217,768,303	173,669,448	391,437,751	4%
Transport & Infrastructure	354,916,847	136,000,000	490,916,847	827,711,617	1,318,628,464	13%
Agriculture, Livestock & Fisheries	112,905,274	65,410,702	178,315,976	38,553,359	216,869,335	2%
<b>TOTAL</b>	<b>4,439,460,883</b>	<b>2,410,422,036</b>	<b>6,849,882,919</b>	<b>3,075,871,374</b>	<b>9,925,754,293</b>	<b>100%</b>

Source: County Treasury

**Figure 3: Approved Budget 2016/17 (In Millions of Shillings)**



Source: County Treasury



## **CHAPTER FOUR**

### **4.1 MEDIUM TERM EXPENDITURE FRAMEWORK**

#### **4.1.1 Resource Envelope**

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

74. The 2017/18 budget targets total revenue amounting to Ksh. 10.8 billion. The 2017/18 revenue shall comprise of total exchequer issues of Kshs 7 Billion; including equitable share of Kshs 6.3 billion, Conditional grants Kshs720 Million and local collected revenue of 3.8 billion. Locally mobilized revenue will finance about 35 percent of the budget in FY 2017/18.

#### **4.1.2 Spending Priorities**

75. Prioritization of resource allocation will be based on the ADP (August 2016) which spells out programmes to achieve County priorities identified during the County-wide budget consultative meetings. The County Government will promote budget transparency, accountability and effective financial management of resources based on clearly set priorities to ensure that budgets are directly linked to plans.

### **4.1.3 The Fiscal Strategy FY 2017/18 & the Economic Objectives of the County Government**

76. This outlines County Government's spending plans and the manner in which this expenditure will be funded in the FY 2017/2018. The fiscal strategy of the Government is guided by contemporary events which have impacted on the economy, the ADP 2016 and the realities of the FY 2015/2016 actual revenue collections and expenditures. In this view, the 2017/2018 fiscal strategy paper has been designed to continue addressing these specific challenges by focusing on the following objectives:

- To improve the efficiency and quality of CAPEX spending by promoting Public Private Partnership;
- To place greater focus on critical infrastructure development as a means of promoting long-term economic growth;
- Continued application of a fiscal stimulus in the medium term to kick-start the economy, taking into consideration the current revenue constraints and its impact on the fiscal deficit;
- Rationalizing the outlay on recurrent expenditure through the identification of cost-saving measures;
- Pegging commitments and expenditure on the actual cash flow;
- Coming up with sustainable personnel policy to address the ballooning wage bill;
- Boosting revenue receipts and identifying and plugging revenue leakages through audits of Revenue- generating units.

**Table 7: Projected FY 2017/2018 Revenues and Expenditure**

<b>REVENUE/EXPENDITURE</b>	<b>AMOUNT (KSHS.)</b>
<b>Revenues</b>	
National Government Exchequer Issues	6,907,707,633
County Local Sources	3,911,364,546
<b>Total Revenue</b>	<b>10,819,072,179</b>
<b>Expenditures</b>	
Personnel	4,661,433,927
Operations Repair and Maintenance	2,804,938,454
Capital Expenditure	3,352,699,798
<b>Total Expenditure</b>	<b>10,819,072,179</b>
<b>Surplus/(Deficit)</b>	<b>0</b>

*Source: County Treasury*

**Table 8: FY 2017/18 Departmental Ceilings**

DEPARTMENTS	CONSOLIDATED REVENUE	PERSONNEL	TOTAL OPERATIONS AND MAINTENANCE	RECURRENT	DEVELOPMENT	TOTAL EXPENDITURE
County Executive		35,178,227	354,704,017	389,882,246	208,403,617	598,285,863
County Assembly		430,057,949	242,441,721	672,499,670	44,268,615	716,768,284
Public Service Board		61,939,939	74,179,955	136,119,894	20,925,803	157,045,697
Finance & Economic Planning	10,819,072,179	741,838,065	505,972,659	1,247,810,724	517,756,095	1,765,566,819
Tourism Development and Culture		65,664,308	78,033,399	143,697,707	36,452,690	180,150,397
Children (Care, Education, Environment)		547,849,837	336,826,680	884,676,518	429,031,355	1,313,707,874
Health Services		1,862,294,447	657,585,624	2,519,880,071	381,581,774	2,901,461,845
Water & Natural Resources		25,698,309	32,731,085	58,429,394	65,400,000	123,829,394
Youth, Gender & Sports		87,160,255	79,665,256	166,825,511	384,179,499	551,005,010
Trade, Energy & Industry		212,087,851	117,564,000	329,651,851	131,171,827	460,823,678
Land Planning & Housing		131,391,410	90,792,000	222,183,410	189,299,698	411,483,108
Transport & Infrastructure		342,503,858	158,304,000	500,807,858	902,205,663	1,403,013,521
Agriculture, Livestock & Fisheries		117,769,470	76,138,057	193,907,527	42,023,161	235,930,688
<b>TOTAL</b>		<b>4,661,433,927</b>	<b>2,804,938,454</b>	<b>7,466,372,381</b>	<b>3,352,699,798</b>	<b>10,819,072,179</b>
SURPLUS / (DEFICIT)	0					
<b>REVENUE SOURCES</b>						
Local Revenue	3,911,364,546					
Exchequer Issues	6,907,707,633					
<b>TOTAL REVENUE</b>	<b>10,819,072,179</b>					

Source: County Treasury

### 4.1.3 Baseline ceilings

77. The baseline estimates reflects the current spending levels in sector programmes. In the recurrent expenditure category, non-discretionary expenditures takes first charge and includes payment of statutory obligations such as interest payments, compensation of employees covering all county staff, staff medical scheme and gratuity .
78. Development expenditures are shared out on the basis of the County Annual Development Plan 2016, priorities as outlined in the CFSP as well as other strategic interventions geared towards removing constraints to faster growth. The following guidelines are used:
79. **On-going projects:** emphasis is given to completion of on-going projects and in particular infrastructure projects and other projects with high impact on poverty reduction and equity, employment and wealth creation especially in the social sectors.
80. **Strategic policy interventions:** priority is also given to policy interventions covering the entire county, social equity and environmental conservation.

#### 4.1.4 Finalization of spending plans

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

**Table 9: Priority Areas of Consideration for Additional Resources**

	<b>Priority Areas of Consideration for Additional Resources</b>
1.	Intervention identified during the county stakeholders consultation for 2017/18 MTEF budget.
2.	Strategic interventions with emphasis in investing in quality and accessible health care services and quality basic education, Youth, gender and sports empowerment, road infrastructure (especially access roads), provision of clean and safe water, improvement in land services, as well as policy interventions covering the entire
3.	Specific consideration to job creation for the youth based on sound initiatives identified within and outside the normal budget preparation as well as disability and gender mainstreaming.
4.	Completion of ongoing programs and projects so as to ensure the County has fully implemented the first CIDP 2013-17 as we embark on the preparation of the second phase of the CIDP.

**Table 10: Summary of Medium Term Costs and Ceiling (Recurrent)**

RECURRENT	PROJECTIONS			
DEPARTMENTS	Budget FY 2015/2016	Budget FY 2016/2017	Budget FY 2017/2018	Budget FY 2018/2019
County Executive	719,524,747	338,231,611	389,882,246	399,975,392
County Assembly	684,379,916	618,543,360	672,499,670	816,646,160
Public Service Board	63,943,768	107,384,365	136,119,894	138,829,847
Finance and Economic Planning	1,044,634,767	1,069,958,796	1,247,810,724	1,559,975,392
Tourism, Development and Culture	110,694,021	118,510,365	143,697,707	146,996,309
Children (Care, Education, Environment)	244,620,702	830,743,324	884,676,518	326,658,464
Health Services	2,228,096,407	2,339,643,755	2,519,880,071	2,531,603,097
Water, Environment & Natural Resources	488,409,054	46,865,815	58,429,394	653,316,928
Youth, Gender and Sports	147,323,995	163,415,320	166,825,511	204,161,540
Trade, Energy and Industry	328,496,527	329,585,083	329,651,851	408,323,080
Lands, Planning & Housing	201,516,496	217,768,303	222,183,410	253,160,310
Transport and Infrastructure	385,359,071	490,916,847	500,807,858	489,987,696
Agriculture, Livestock & Fisheries.	176,185,434	178,315,976	193,907,527	236,827,386
<b>TOTAL</b>	<b>6,823,184,905</b>	<b>6,849,882,919</b>	<b>7,466,372,381</b>	<b>8,166,461,603</b>

Source: County Treasury

**Table 11: Summary of Medium Term Costs and Ceiling (DEVELOPMENT)**

<b>DEVELOPMENT</b>			<b>PROJECTIONS</b>	
<b>DEPARTMENTS</b>	<b>Budget FY 2015/2016</b>	<b>Budget FY 2016/2017</b>	<b>Budget FY 2017/2018</b>	<b>Budget FY 2018/2019</b>
County Executive	160,163,916	191,195,979	208,403,617	209,994,727
County Assembly	35,000,000	40,613,408	44,268,615	34,999,121
Public Service Board	2,337,498	19,197,984	20,925,803	31,499,209
Finance and Economic Planning	888,647,234	475,005,592	517,756,095	699,982,423
Tourism, Development and Culture	41,928,465	33,442,835	36,452,690	69,998,242
Children (Care, Education, Environment)	276,833,101	393,606,748	429,031,355	384,990,333
Health Services	359,152,675	350,075,022	381,581,774	349,991,212
Water, Environment & Natural Resources	48,272,912	60,000,000	65,400,000	244,993,848
Youth, Gender and Sports	106,455,455	352,458,256	384,179,499	209,994,727
Trade, Energy and Industry	25,053,500	120,341,126	131,171,827	139,996,485
Lands, Planning & Housing	214,967,840	173,669,448	189,299,698	209,994,727
Transport and Infrastructure	949,501,972	827,711,617	902,205,663	874,978,029
Agriculture, Livestock & Fisheries.	47,286,800	38,553,359	42,023,161	38,499,033
<b>TOTAL</b>	<b>3,155,601,368</b>	<b>3,075,871,374</b>	<b>3,352,699,798</b>	<b>3,499,912,115</b>

Source: County Treasury



**Table 12: Summary of Total Medium Term Costs, Ceiling**

<b>Total</b>			<b>Projections</b>	
<b>DEPARTMENTS</b>	Budget FY 2015/2016	Budget FY 2016/2017	Budget FY 2017/2018	Budget FY 2018/2019
County Executive	879,688,663	529,427,590	598,285,863	609,970,119
County Assembly	719,379,916	659,156,768	716,768,284	851,645,281
Public Service Board	66,281,266	126,582,349	157,045,697	170,329,056
Finance and Economic Planning	1,933,282,001	1,544,964,388	1,765,566,819	2,259,957,815
Tourism, Development and Culture	152,622,486	151,953,200	180,150,397	216,994,551
Children (Care, Education, Environment)	521,453,803	1,224,350,072	1,313,707,874	711,648,797
Health Services	2,587,249,082	2,689,718,777	2,901,461,845	2,881,594,309
Water, Environment & Natural Resources	536,681,966	106,865,815	123,829,394	898,310,776
Youth, Gender and Sports	253,779,450	515,873,576	551,005,010	414,156,267
Trade, Energy and Industry	353,550,027	449,926,209	460,823,678	548,319,565
Lands, Planning & Housing	416,484,336	391,437,751	411,483,108	463,155,037
Transport and Infrastructure	1,334,861,043	1,318,628,464	1,403,013,521	1,364,965,725
Agriculture, Livestock & Fisheries.	223,472,234	216,869,335	235,930,688	275,326,419
<b>TOTAL</b>	<b>9,978,786,273</b>	<b>9,925,754,293</b>	<b>10,819,072,179</b>	<b>11,666,373,717</b>

*Source: County Treasury*

## **4.2 Details of Departmental Priorities**

82. The medium term expenditure framework for 2017/18 – 2019/2020 ensures continuity in resource allocation based on prioritized programmes aligned to the ADP 2016 and strategic policy initiatives of the county government to accelerate growth, employment creation and poverty reduction. The recent achievements and key priority targets for each sector are based on the Departmental reports.

### **4.2.1 County Assembly**

83. This is a key sector in the county as it has the oversight and legislative role. It also plays the role of strengthening the democratic space and governance in the county. Due to the crucial role of the sector, it has been allocated Kshs 718. Million in FY 2017/2018. The County Assembly budget consists of 6.6% of the total county budget.

### **4.2.2 County Executive**

84. This is the sector that is in charge of enhancing public service delivery, organization and coordination of County Government business through planning, mobilization of financial and human resources in the public sector. The sector also plays the role of linking the county with the rest of the world in matters of human and capital development. The Department consists of the Governor, Deputy Governor's office, the County Secretary, Human Resource, Sub County Administrators unit, Inspectorate, Legal services and the communication unit.

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

86. The department has been allocated Kshs. 598 Million in the FY 2017/2018. The budget consists of 5.5% of the total county budget.

### **4.2.3 County Service Board**

79. This is a key department in the recruitment and management of all workers within the County. The department has been allocated Kshs. 157 million in the FY 2017/2018. The budget consists of 1.5% of the total county budget.

### **4.2.4 Department of Finance & Economic Planning**

87. The key role of the Department is to provide leadership and policy direction in the governance of the County, coordination and supervision of County Financial and Economic affairs, promote sound public financial and economic management for socio-economic development promote macroeconomic stability, planning and budgetary process, implementation, monitoring and evaluation.

88. The department targets to maintain a database of all county assets, continue tracking all development projects and programmes; prepare quarterly briefs or reports on development; enhance revenue collection; source for development partners and ensure that funds in the county are prudently utilized to achieve the county objectives and the realization of the vision 2030.

89. Due to the crucial role of the department, it has been allocated Kshs 1.8 Billion in FY 2017/2018. The budget consists of 16.3% of the total county budget. Most of the allocations has been set aside for servicing pending bills accrued from all the county departments.

### **4.2.5 Department of Tourism Development and Culture**

90. The objective of this department is to continue rebranding Mombasa County as a premier destination of choice. In the financial year 2017/2018 the proposed priorities are bidding for international conferences; Marketing of Mombasa as a MICE destination; organizing events; Exhibitions and, Trade Fairs and conferences; the department also intends to continue facilitating the upgrade of skills to the Cultural groups, Dance Crews among others.

91. On Product Development and Rebranding Mombasa the objective is to continue restoring Mombasa's glory and image. The department also intends to promote;

Cultural Tourism, Cuisine Tourism-Mshikaki Street food Bazaars-Easter Holidays and Sports Tourism.

92. The department has been allocated Kshs 180Million in FY 2017/2018. The budget consists of 1.7% of the total county budget.

#### **4.2.6 Department of Children (Care Education, Environment)**

93. In the financial year 2017/2018 and over the medium term the department intends to carry out the following programmes; To provide quality and accessible basic education through completion and equipping of ECD centers, recruitment of ECD teachers and care givers as well as strengthening the capacity of the city Polytechnics. This department is also in charge Control of noise and air pollution, Waste Management and street cleansing, Cemetery services, Beautification and maintenance of recreational parks and flower beds and Devolved forestry functions.

94. In the financial year 2017/2018 and over the medium term the department will continue carrying out the following programmes: completion of the ongoing ECD Centres, School Feeding Program and milk fortification, establishment and equipping of the Maktaba Centres and Operationalizing the Elimu Development Corporation and Elimu Fund to source funds for Education. The Department will also continue undertaking Solid Waste Management. The Outdoor Advertisement and Beautification unit will enhance revenue collection by Promoting local Media for Economic growth, thus making the County a commercial hub.

95. Due to the crucial role of the department, it has been allocated Kshs 1.3 Billion in FY 2017/2018. The budget consists of 12.1% of the total county budget.

#### **4.2.7 Department of Health**

96. The department is committed to improving access to quality health services in the county through promotion and provision of integrated and high quality curative, preventive and rehabilitative services that are equitable, responsive, accessible and accountable to everyone.

97. In the medium term, the department will continue investing in service delivery, health workforce, health infrastructure, health products and technologies, health information, health financing and leadership governance. The resources allocated will be used to implement projects aimed at achieving accessibility, affordability of health services, and reduction of health inequalities and optimal utilization of health services.

98. Due to the crucial role of the department, it has been allocated Kshs 2.9 Billion in FY 2017/2018. The budget consists of 26.8% of the total county budget.

#### **4.2.8 Department of Water and Natural Resources**

99. The department's mandate is ensuring that every citizen has access to portable water in a clean and secure environment. The assigned functions to the county include; Water and sanitation services Management, Control of noise and air pollution.

100. In the financial year 2017/2018 and over the medium term, Water and Sewerage services through increased Water Supply, Sanitation and Sewerage coverage, Rehabilitation /Expansion of the existing Water, Sanitation and sewerage network and ensuring compliance with the policies, standards, regulations and laws. The Department will continue ensuring natural resources are protected; their use promoted and conserved hence proper management of natural resources for economic growth.

101. Due to the crucial role of the department, it has been allocated Kshs 124. Million in FY 2017/2018. The budget consists of 1.1% of the total county budget.

#### **4.2.9 Department of Youth, Gender and Sports**

102. The department's mandate is to address social and economic issues affecting the vulnerable groups in the county, empower youth, women and people living with disabilities.

103. In the 2016/17, the department will continue undertaking training of youth in entrepreneurial skills and livelihood skills, refurbishment of sports facilities,

gender mainstreaming, Provision of Sports equipment's for various clubs in the county and Promotion of talents (Art and music). The priorities of the departments are to; Promote local talents; improve ten social halls in the county, improve sports facilities, empower youth, women and people living with disabilities through development programs, conduct Sports training/ capacity building initiatives and facilitation of sports equipment to all sports disciplines.

104. Due to the crucial role of the department, it has been allocated Kshs 551Million in FY 2017/2018. The budget consists of 5.1% of the total county budget.

#### **4.2.10 Department of Trade, Energy & Industry**

105. The goal of this department is to promote Mombasa County as a competitive and conducive environment for promoting trade, investment and private sector development. This will be achieved through facilitation of trade and industrial development by creating an enabling environment for trade and industrial transformation. Over the medium-term, the sector will thrive to continue improving the business environment for investment; undertake policy, legal and institutional reforms for the development of the sector; supporting entrepreneurship and industrial development; and promotion of trade.

106. Due to the crucial role of the department, it has been allocated Kshs 461 Million in FY 2017/2018. The budget consists of 4.3% of the total county budget.

#### **4.2.11 Department of Land, Planning and Housing**

107. The department is in charge of management of land use and ownership; Physical Planning, provision of adequate, clean, affordable and quality housing.

108. In the financial year 2017/2018 and over the medium term, the objectives of the department are to continue ensuring proper management of land use and ownership, promoting the provision of adequate and affordable housing. The proposed priority programmes to be undertaken to achieve these objectives include; Promoting sustainable use of land and its resources through land use planning and provision of secure land tenure and management. This includes;

completion of Mombasa gate city master plan, preparation of three satellite city plans, Implementation of integrated strategic land use plan, county land use Policy, Valuation roll and Security of tenure for 6 number settlements for KISIP and for Site and Service Scheme.

109. The Department will also promote development of adequate, affordable quality housing through developing and implementing county housing unit, provision of affordable and quality housing units, refurbishment of county residential houses and maintenance of offices and promotion of appropriate building technology.

110. Due to the vital role the department plays, in the FY 2017/2018 budget, it has been allocated KShs.411 Million. This constitutes 3.8% of the total budget.

#### **4.2.12 Department of Transport and Infrastructure**

111. There will be a continued focus on road infrastructure improvement through maintaining the already existing road networks and also opening up new access roads so as to restore confidence of residents and making the cost of doing business favorable. Transport infrastructure development will also help revamp the tourism sector and foster social integration in the County. The County is embarking on expanding the existing road network in order to make transport affordable and faster for economic efficiency. The Street Lighting programme under the department is geared towards promoting a vibrant economy by encouraging 24 hour economy; and to enhance security within the County at night.

112. Due to the vital role of the department, it has been allocated Kshs 1.4 Billion in FY 2017/2018. The budget consists of 13.0% of the total county budget.

#### **4.2.13 Department of Agriculture, Livestock and Fisheries**

113. The overall objective of the Department is continued improvement of livelihoods of the people of Mombasa County through promotion of competitive and sustainable agriculture, livestock, and fisheries enterprises for development.

114. In the financial year 2017/2018 and over the medium term, the department will continue undertaking the following; provision of efficient and effective agricultural, livestock and fisheries services in Mombasa County; improving food security and; Promoting affordable agricultural land use and efficiency in farm operations through crop management; the veterinary services will continue preventing and controlling spread of disease from within and other counties; safeguarding human health; providing animal health and extension and welfare services.
115. The Department will also enhance productivity of livestock and livestock produce through effective extension services and ensure sustainable use of fisheries resources for better livelihoods for fisher folk and food security of the county.
116. The department has been allocated Kshs 236 Million in FY 2017/2018. The budget consists of 2.2% of the total county budget.



## Annex I: FY 2015/16 PROGRAMME PERFORMANCE REPORT

### COUNTY GOVERNMENT OF MOMBASA

DEPARTMENT	PROGRAMME	Total Approved Estimates	Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Total expenditure	STAT US
THE EXECUTIVE	The Governor's Office	638,672,153	232,465,622	406,206,531	172,237,243	305,454,074	477,691,317	75%
	The County Secretary's Office	572,644,588	572,644,588	0	552,216,880		552,216,880	96%
COUNTY ASSEMBLY	Human Resource Management unit	436,380,990	405,030,990	31,350,000	380,750,206	15,939,300	396,689,506	91%
PUBLIC SERVICE BOARD	Administration Unit	85,794,290	62,094,290	23,700,000	42,699,610	18,188,000	60,887,610	71%
FINANCE AND ECONOMIC PLANNING	Administration Unit	2,285,300,364	1,795,476,064	489,824,300	1,565,527,352	391,045,422	1,956,572,774	86%
	Accounting Unit	58,260,848	37,646,248	20,614,600	23,550,363	10,028,600	33,578,963	58%
	Planning and Monitoring	5,906,964	5,906,964	0	3,120,647		3,120,647	53%
TOURISM DEVELOPMENT	Administration Unit	104,815,973	58,140,723	46,675,250	38,710,678	14,843,440	53,554,118	51%
	Tourism Unit	34,708,710	29,748,357	4,960,353	8,704,848	4,960,353	13,665,201	39%
	Culture Unit	10,655,336	10,655,336	0	1,845,300		1,845,300	17%

	Betting Control and Licensing Unit	5,916,029	5,916,029	0	215,000		215,000	4%
	Liquor Control and licensing Unit	3,189,007	3,189,007	0	540,750		540,750	17%
EDUCATION	Administration Unit	165,150,772	165,150,772	0	151,981,186		151,981,186	92%
	Quality in learning and Learning unit	139,182,345	33,182,345	106,000,000	12,140,419	102,056,563	114,196,982	82%
	Child care	82,000,000	0	82,000,000		72,298,755	72,298,755	88%
HEALTH	Administration Unit	1,791,801,692	1,452,256,000	339,545,692	1,428,630,586	66,195,655	1,494,826,241	83%
	Clinical/Health Services Unit	293,906,096	293,906,096	0	39,192,443	1,960,000	41,152,443	14%
	Preventive and Promotive Services Unit	24,230,794	24,230,794	0			0	0%
WATER, ENVIRONMENT AND NATURAL RESOURCES	Administration Unit	637,286,823	417,286,823	220,000,000	401,267,936	161,117,102	562,385,038	88%
	Cleansing Unit	51,104,595	35,142,095	15,962,500	27,140,571	15,962,500	43,103,071	84%
	Outdoor Advertisement Section	65,326,600	0	65,326,600	59,010,720	70,000	59,080,720	90%
	Natural Resources	8,400,000	0	8,400,000		8,400,000	8,400,000	100%
	Administration Unit	195,060,875	167,060,875	28,000,000	133,776,112		133,776,112	69%

YOUTH, GENDER AND SPORTS	Youth Affairs Unit	64,719,000	14,719,000	50,000,000	5,639,525	7,642,700	13,282,225	21%
	Gender Affairs Unit	13,060,965	11,763,000	1,297,965	671,750	1,297,965	1,969,715	15%
	Sports unit	10,165,537	8,573,000	1,592,537	1,956,109	1,035,171	2,991,280	29%
TRADE, ENERGY AND INDUSTRIAL DEVELOPMENT	Administration Unit	224,694,002	145,911,224	78,782,778	117,261,143	75,442,470	192,703,613	86%
	Trade Unit	983,574	435,558	548,016			0	0%
	Cooperatives Unit	17,019,030	9,468,270	7,550,760	3,102,489	542,590	3,645,079	21%
	Weights and Measures	6,074,484	6,074,484		1,955,900		1,955,900	32%
	Market Unit	329,192,729	1,504,303	327,688,426	35,000	4,833,178	4,868,178	1%
	Energy unit	1,697,957	1,697,957		381,105	159,288,452	159,669,557	9404%
COUNTY PLANNING, LAND AND HOUSING	Administration Unit	177,688,319	157,282,314	20,406,005	114,072,379	7,943,201	122,015,580	69%
	Planning and Architecture	32,860,014	1,234,459	31,625,555	62,700	17,040,180	17,102,880	52%
	Land Management Unit	1,434,573	704,573	730,000	140,000		140,000	10%
	Housing Development Unit	73,710,749	32,710,749	41,000,000	8,530	19,101,973	19,110,503	26%
	Administration Unit	310,386,215	287,673,490	22,712,725	271,594,903	21,044,920	292,639,823	94%

TRANSPORT AND INFRASTRUCTURE	Road and Transport Unit	400,664,410	5,490,818	395,173,592	457,317	335,306,788	335,764,105	84%
	Works Unit	17,264,387	6,448,803	10,815,584	2,303,438	6,677,938	8,981,376	52%
	Operations and services	201,151,362	32,648,985	168,502,377	13,999,595	120,449,290	134,448,885	67%
AGRICULTURE, LIVESTOCK AND FISHERIES	Administration Unit	105,829,339	95,329,339	10,500,000	89,519,458		89,519,458	85%
	Crop Management Unit	29,336,452	14,336,452	15,000,000	6,782,273		6,782,273	23%
	Livestock Unit	45,063,862	34,896,562	10,167,300	7,473,871		7,473,871	17%
	Fisheries Unit	111,605,333	11,605,333	100,000,000	5,516,335	65,067,000	70,583,335	63%
TOTAL		9,870,298,137	6,687,638,691	3,182,659,446	5,686,192,670	2,031,233,580	7,717,426,250	78%

STATUS- Implementation status (% of Total expenditures to Approved Estimates)

## ANNEX: II COUNTY OF MOMBASA FY - 2015/2016

SUMMARY REVENUE ANALYSIS			
REVENUE.	ANNUAL BUDGETED	ACTUAL REVENUE COLLECTED	(%) PERFORMANCE
DEPARTMENT/REVENUE ITEM	KSHS.	KSHS.	KSHS.
COUNTY ASSEMBLY-County Plants & Equipment's Hire	109,134	10,600	10%
COUNTY EXECUTIVE-Legal department fees	1,475,503	300,732	20%
COUNTY EXECUTIVE-Valuation & Survey Fees	32,221,577	12,376,578	38%
COUNTY PLANNING, LAND AND HOUSING-Land rates and related fees	835,105,454	851,093,660	102%
COUNTY EXECUTIVE-General enforcement charges	8,099,623	1,567,110	19%
COUNTY EXECUTIVE-Court Fines	153,525,844	23,940,881	16%
FINANCE AND ECONOMIC PLANNING-Financial related income	89,260,483	18,381,403	21%
TRADE ENERGY AND INDUSTRY-Sand, Gravel, and Ballast Extraction Fees	1,054,024,392	312,576,037	30%
FINANCE AND ECONOMIC PLANNING-Tender Documents Sale	3,634,601	842,000	23%

TOURISM-Hotel Levy	56,344,253	7,921,154	14%
TRADE ENERGY AND INDUSTRY-Business permit fees	392,855,317	491,873,022	125%
TRADE ENERGY AND INDUSTRY-Market collection	411,006,104	95,150,098	23%
YOUTH GENDER AND SPORTS-Stadium & Other Playing Fields	2,000,000	593,905	30%
YOUTH GENDER AND SPORTS-Social halls hire	5,967,237	1,185,000	20%
COUNTY PLANNING, LAND AND HOUSING-Plot rent & related charges	116,588,306	10,938,542	9%
COUNTY PLANNING, LAND AND HOUSING- Housing Estates Monthly Rent	252,672,068	59,419,073	24%
COUNTY EDUCATION-Education administration	2,286,669	102,000	4%
COUNTY HEALTH-Clinic cost sharing charges & Other services.	132,501,363	18,819,573	14%
WATER, ENVIRONMENT AND NATURAL RESOURCES-Environment management & related income	76,897,078	1,891,400	2%
TRANSPORT, ROADS AND INFRASTRUCTURE-Engineering & works income	1,500,000	81,900	5%
TRANSPORT, ROADS AND INFRASTRUCTURE-Fire brigade & ambulance fees	46,515,241	61,711,184	133%
TRANSPORT ROAD AND INFRASTRUTURE-Road maintenance fees	679,806,296	397,651,187	58%
COUNTY PLANNING, LAND AND HOUSING-Development control income	292,344,247	47,741,886	16%

COUNTY PLANNING, LAND AND HOUSING-Structural Submission/ Approval Fees	5,000,000	837,176	17%
WATER, ENVIRONMENT AND NATURAL RESOURCES- Advertisement income	474,867,228	75,594,045	16%
<b>TOTAL LOCAL REVENUE INCOME.</b>	<b>5,121,608,018</b>	<b>2,492,600,145</b>	<b>49%</b>
FINANCE AND ECONOMIC PLANNING-National Government Equitable Share.	4,535,164,921	4,914,617,520	108%
COUNTY HEALTH-Conditional Grant	209,605,198	209,605,198	100%
COUNTY HEALTH-Donor-(DANIDA)	3,920,000	3,920,000	100%
<b>TOTAL NATIONAL GOVERNMENT ISSUES</b>	<b>4,748,690,119</b>	<b>5,128,142,717</b>	<b>108%</b>
Less non-revenue items:-			
1. Cash Bail	0	14,123,490	
2. Imprest.	0	3,593,485	
<b>Grand Totals</b>	<b>9,870,298,137</b>	<b>7,603,025,887</b>	<b>77%</b>

## Annex III: Projected FY 2015/2016 Revenues and Expenditure

Revenue.	FY 2015/2016 Budget	July	August	September	October	November	December	Grand Totals.	% Collection
	AMOUNT	2015	2015	2015	2015	2015	2015		
		KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	
COUNTY ASSEMBLY-County Plants & Equipment Hire	115,515	0	0	0	0	0	0	0	0%
COUNTY EXECUTIVE-Legal department fees	1,561,743	27,594	26,822	16,500	9,000	14,500	20,704	115,120	7%
COUNTY EXECUTIVE-Valuation & Survey Fees	34,104,855	1,197,100	872,350	1,913,290	866,900	520,100	686,150	6,055,890	18%
COUNTY PLANNING, LAND AND HOUSING-Land rates and related fees	780,946,232	14,678,234	13,447,540	18,323,552	18,943,170	41,847,882	44,279,012	151,519,390	19%
COUNTY EXECUTIVE-General enforcement charges	8,573,028	83,000	64,000	134,000	84,800	38,500	128,150	532,450	6%
COUNTY EXECUTIVE-Court Fines	162,499,080	2,897,790	1,790,200	1,573,564	1,180,480	1,021,550	3,552,815	12,016,399	7%
FINANCE AND ECONOMIC PLANNING-Financial related income	94,477,555	1,487,529	1,094,532	1,728,347	1,634,529	839,660	1,099,283	7,883,880	8%
TRADE ENERGY AND INDUSTRY-Sand, Gravel, and Ballast Extraction Fees	1,115,629,733	32,299,466	33,534,217	34,744,295	33,090,299	25,603,810	12,732,157	172,004,244	15%
FINANCE AND ECONOMIC PLANNING-Tender Documents Sale	3,847,035	6,000	0	10,000	9,000	6,000	0	31,000	1%
TOURISM-Hotel Levy	59,637,447	408,050	248,250	740,450	306,930	298,310	441,310	2,443,300	4%
TRADE ENERGY AND INDUSTRY-	367,377,412	10,025,645	5,766,450	3,874,380	3,010,585	572,915	494,565	23,744,540	6%



Business permit fees									
TRADE ENERGY AND INDUSTRY- Market collection	435,028,481	7,125,494	6,481,102	7,824,542	7,189,598	6,887,790	6,029,510	41,538,036	10%
YOUTH GENDER AND SPORTS- Stadium & Other Playing Fields	3,251,620	119,850	192,865	83,755	37,000	16,160	0	449,630	14%
YOUTH GENDER AND SPORTS- Social halls hire	5,181,284	148,000	85,500	94,500	84,500	71,500	113,000	597,000	12%
COUNTY PLANNING, LAND AND HOUSING-Plot rent & related charges	123,402,629	855,042	346,210	711,153	498,952	628,082	795,766	3,835,205	3%
COUNTY PLANNING, LAND AND HOUSING- Housing Estates Monthly Rent	236,285,486	3,063,722	2,853,526	3,081,168	3,085,862	2,411,360	3,269,227	17,764,865	8%
COUNTY EDUCATION-Education administration	2,420,319	0	0	0	0	0	0	0	0%
COUNTY HEALTH-Clinic cost sharing charges & Other services.	140,245,768	158,169	156,401	119,598	177,184	92,431	129,990	833,773	1%
WATER, ENVIRONMENT AND NATURAL RESOURCES- Environment management & related income	81,391,538	38,500	82,700	45,500	297,800	88,100	93,300	645,900	1%
TRANSPORT, ROADS AND INFRASTRUCTURE-Engineering & works income	32,052	5,000	0	0	0	0	0	5,000	16%
TRANSPORT, ROADS AND INFRASTRUCTURE-Fire brigade & ambulance fees	50,821,623	1,515,700	1,422,100	474,400	263,900	61,600	18,800	3,756,500	7%

TRANSPORT ROAD AND INFRASTRUTURE-Road maintenance fees	9,507,383	53,127,053	44,563,860	40,004,385	39,057,897	37,380,600	32,644,850	246,778,645	34%
COUNTY PLANNING, LAND AND HOUSING-Development control income	309,431,107	4,598,754	2,980,185	3,680,016	3,620,545	2,560,019	2,919,684	20,359,203	7%
WATER, ENVIRONMENT AND NATURAL RESOURCES- Advertisement income	350,408,100	5,022,970	5,861,758	4,232,975	2,254,230	1,097,025	5,895,325	24,364,283	7%
<b>Total Local Revenue</b>	<b>5,086,177,025</b>	<b>138,888,662</b>	<b>121,870,568</b>	<b>123,410,370</b>	<b>115,703,161</b>	<b>122,057,894</b>	<b>115,343,598</b>	<b>737,274,253</b>	<b>14%</b>
<b>Equitable share</b>	<b>5,197,893,976</b>	<b>0</b>	<b>415,831,518</b>	<b>0</b>	<b>883,641,976</b>	<b>441,820,988</b>	<b>467,810,458</b>	<b>2,209,104,940</b>	<b>43%</b>
FINANCE AND ECONOMIC PLANNING	5,197,893,976	0	415,831,518	0	883,641,976	441,820,988	467,810,458	2,209,104,940	43%
Level5 Hospital Grant	402,918,857	0	32,232,869	0	70,509,400	32,232,869	36,261,977	171,237,115	42%
Free Maternal Health Care Grant	136,246,600	0	0	0	0	43,805,000	13,165,000	56,970,000	42%
DANIDA	6,300,000	0	0	0	0	0	0	0	0%
CA-User Fees Forgone	21,896,682	0	0	0	2,881,350	0	0	2,881,350	13%
COUNTY HEALTH	567,362,139	0	32,232,869	0	73,390,750	76,037,869	49,426,977	231,088,465	41%
Road maintenance levy Grant	66,030,539	0	0	0	0	0	0	0	0%
<b>TOTAL NATIONAL EXCHEQUER GOVERNMENT ISSUES</b>	<b>5,831,286,654</b>	<b>0</b>	<b>448,064,387</b>	<b>0</b>	<b>957,032,726</b>	<b>517,858,857</b>	<b>517,237,435</b>	<b>2,440,193,405</b>	<b>42%</b>
<b>GRAND TOTAL</b>	<b>10,917,463,679</b>	<b>138,888,662</b>	<b>569,934,955</b>	<b>123,410,370</b>	<b>1,072,735,887</b>	<b>639,916,751</b>	<b>632,581,033</b>	<b>3,177,467,658</b>	<b>29%</b>