



COUNTY GOVERNMENT OF MOMBASA
COUNTY TREASURY

MEDIUM TERM

FISCAL STRATEGY PAPER

©February 2019

Foreword

The 2019 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) 2019/2020 and the Medium Term in accordance with the Public Finance Management Act 2012, section 117. The strategy covers the following broad areas: review of the fiscal performance of first half of the FY 2018/2019; highlights of the recent economic developments and economic outlook; broad strategic priorities and policies for FY 2019/2020 as indicated in the Medium Term Fiscal Framework and as outlined in the draft Mombasa County Integrated Development Plan (CIDP) 2018-2022. This is the sixth Fiscal Strategy Paper since the operationalization of the County Governments and the first one to implement the CIDP 2018-2022.

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: increased accessibility to water and food security, investing in accessible and quality health services, Streamlined waste management services, Provision of Quality Education, Gender empowerment, Youth & Sports development, Improved Land and Housing Services and investing in infrastructure development.

The Strategy will ensure that the County is aligned with the National Government's development blue print by complimenting The Big Four agenda amongst other policies in place with the main objective of improving the overall standard of living of the citizens of Mombasa County.

MS. MARYAM MBARUK
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING

Acknowledgement

The Mombasa County Fiscal Strategy Paper 2019/2020 was 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 the Financial Year 2019/2020 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) and Mr. Affan Mohamed (Head of External Economic Affairs) for working tirelessly in the development of this document.

MS. AISHA ABDI

CHIEF OFFICER

FINANCE AND ECONOMIC PLANNING

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Abbreviations and Acronyms

ADP	Annual Development Plan
CAPEX	Capital Expenditure
CBEF	County Budget and Economic Forum
CIDP	County Integrated Development Plan
CFSP	County Fiscal Strategy Paper
CGM	County Government of Mombasa
COB	Controller of Budget
ECDE	Early Childhood Development
EPZ	Economic Processing Zone
FDI	Foreign Direct Investments
FY	Financial Year
GCP	Gross County Product
G-Pay	Government pay System
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NMTs	Non-Motorized Transport
OSR	Own Source of Revenue
PFM	Public Finance Management
SEZ	Special Economic Zone

Executive Summary

The fiscal strategy of the County Government of Mombasa for the year 2019/2020 is set out in this paper. The CFSP is prepared in accordance to PFM Act section 117 which states that, the County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper (CFSP) for approval and then shall submit the approved Fiscal Strategy Paper to the County Assembly, by the 28th February of each year. The contents of the CFSP are largely informed by the PFM Act section 117(2) which provides for the aligning of the CFSP with the national objectives in the Budget Policy Statement.

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

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

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

The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development. The key County priority areas are; increased accessibility to water and food security, investing in accessible and quality health services, streamlined waste management services, Provision of Quality Education, Gender empowerment, Youth & Sports development, Improved Land and Housing Services while investing in infrastructure development. 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 2019/20.

Legal Context

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

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

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

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

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

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

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

Fiscal Responsibility Principle

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

The PFM law (Section 15) states that:

1. Over the medium term, a minimum of 30 percent of the national budget shall be allocated to development expenditure
2. The national government's expenditure on wages and benefits for public officers shall not exceed a percentage of the national government revenue as prescribed by the regulations.
3. Over the medium term, the national government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure
4. Public debt and obligations shall be maintained at a sustainable level as approved by Parliament and county assembly.
5. Fiscal risks shall be managed prudently.
6. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

CFSP Process Overview

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 2018. In February 2018 sector (Departments) hearings were held and their respective submissions on their key priority areas captured. The Sub counties and the ward administrators have been very instrumental in ensuring full representation of the citizenry in mobilization of the residents during the public participation process.

Prior to the Public participation fora there was an invite in the local dailies (Nation and the Star Newspapers) on 5th February 2018 to sensitize the pubic on the oncoming County Fiscal Strategy Paper consultative forum on 14th February 2019 at Tononoka Social Hall.

The residents, stakeholders and the civil societies among others presented their memorandums and gave their contributions on the key priority areas as captured in the 2019 Mombasa County fiscal strategy paper.

A draft fiscal strategy paper was compiled and circulated to the Executive committee members for their input.

Objective

The objective of the 2019/2020 County Fiscal Strategy Paper is to lay down the frame work for the preparation of the County budget. It is a requirement under section 117 of the Public Finance Management Act, 2012 that each County Treasury shall prepare and submit to the County Executive Committee the Fiscal Strategy Paper for approval, and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by the 28th February of each year.

This Fiscal Strategy Paper contains the following:

- The principles that will guide the 2019/2020 budgetary process;
- The broad fiscal parameters for the 2019/2020 budget and the key strategies and policies for management of revenues and expenditures;
- The broad strategic priorities and policy goals that will guide the preparation of the budget over the medium term;
- A discussion of risks to the budget parameters and Budget Strategies;
- The medium-term outlook for county government revenues and expenditures;
- A discussion of how the Budget Strategies relates to the County priorities as drawn from the County Integrated Development Plan (CIDP) 2018-2022; and
- A framework for the preparation of departmental budget estimates and the development of detailed budget policies

Outline of the 2019/20 Fiscal Strategy Paper

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

Chapter two outlines the Mombasa County Plan for job Creation, shared prosperity and high standard of living.

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

Chapter four presenting the Medium term Expenditure Framework for the 2019/20-2021/22 financial years.

CHAPTER ONE

1.0 RECENT ECONOMIC DEVELOPMENTS AND MEDIUM TERM OUTLOOK

1.1: Overview

1. National economic activities picked up in 2018, after the slowdown in 2017, reflecting improved rains, better business sentiment and easing of political uncertainty. The economy grew by 5.8 percent, 6.2 percent and 6.0 percent in the first, second and third quarters of 2018 respectively, up from 4.7 percent in similar quarters in 2017. Growth for the first three quarters of 2018 averaged 6.0 percent and is projected to grow by 6.0 percent in 2018 up from 4.9 percent in 2017. This growth is supported by a strong rebound in agricultural output, steadily recovering industrial activity, and robust performance in the services sector.
2. The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate to support exports. Month-on-month overall inflation remained stable and within target at 5.7 percent in December 2018 from 5.6 percent in November 2018, largely on account of low food prices following favourable weather conditions and a decline in energy prices due to lower prices of electricity and diesel. However, overall inflation increased from 4.5 percent in December 2017 to 5.7 percent in December 2018 on account of an increase in international oil prices
3. Over the medium term, economic growth is expected to rise gradually to 7.0 percent per annum due to investments in strategic areas under the “Big Four” Plan that aim to increase job creation through the manufacturing sector, ensure food security and improved nutrition, achieve universal health coverage and provide affordable houses to Kenyans. These efforts will support the business environment, create jobs and ultimately promote broad based inclusive growth.
4. Kenya continues to be ranked favorably in the ease of doing business and as a top investment destination. In the 2019 World Bank’s Doing Business Report, Kenya was ranked position 61 in 2018 moving 19 places from position 80 in 2017.

1.2: Recent Economic Development and Outlook

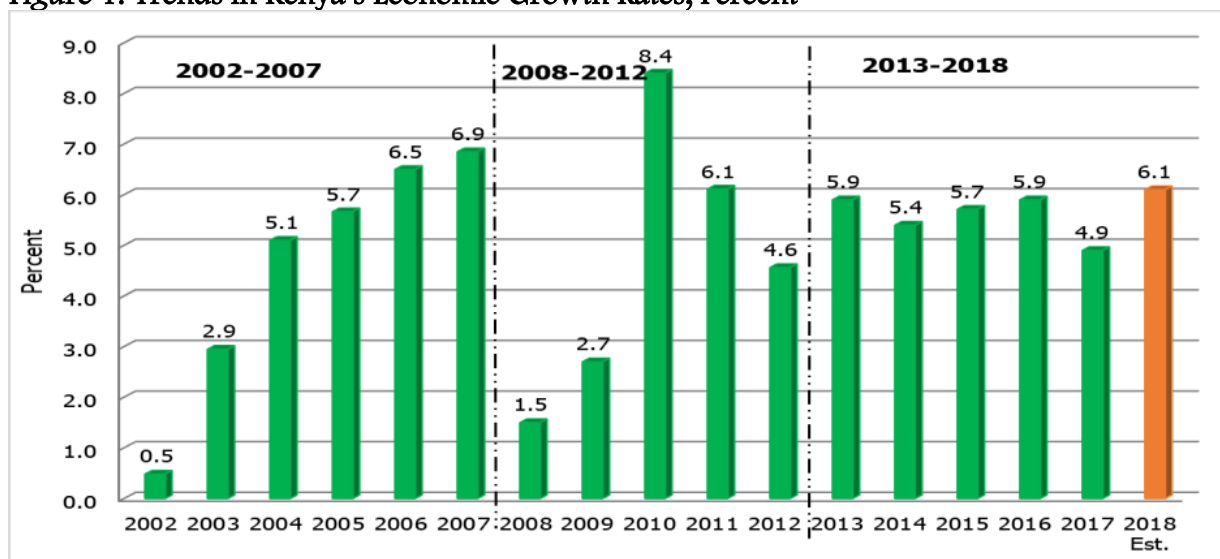
Global and Regional Economic Developments

5. Global growth is projected to remain steady and grow by 3.7 percent in 2018 and 2019. The leveling-off is driven by the recently announced trade measures, including the tariffs imposed on \$200 billion of US imports from China, closure of output gaps in advanced economies, moderation in trade and investment, and a gradual tightening of financing conditions due to ongoing withdrawal of accommodative monetary policy in advanced economies. Global growth optimism is constrained by rising trade tensions likely to have a negative impact on confidence, asset prices, global trade and investments.
6. Among emerging markets and developing economies, growth is expected to stabilize at 4.7 percent in 2018 and 2019 reflecting offsetting developments as growth moderates to a sustainable pace in China, while it improves in India reflecting increased domestic demand. Higher oil prices have also lifted growth among fuel-exporting economies in sub-Saharan Africa and the Middle East.
7. Growth prospects for sub-Saharan Africa continue to strengthen. Growth is expected to improve from 2.7 percent in 2017 to 3.1 percent in 2018 and further to 3.8 percent in 2019, supported by a stronger global growth, higher commodity prices, improved capital market access and contained fiscal imbalances in many countries. However, downside risks may arise from uncertainties in the run up to the 2019 general elections in South Africa.
8. Growth in the East African Community (EAC) region is estimated to rise to 5.9 percent in 2018 from 5.3 percent in 2017. This growth is driven by a rebound in agricultural activity on the backdrop of favorable weather conditions and a pickup in private sector credit growth. In 2019, economic growth is projected to increase to 6.3 percent supported by a stable macroeconomic environment, ongoing infrastructure investments, and strong private consumption.

Domestic Economic Developments

9. Kenya's economic growth has remained strong and resilient even under emerging global challenges, supported by strong public and private sector investment and appropriate economic and financial policies. The broad-based economic growth has averaged 5.6 percent for the last five years outperforming the average growth rate of 4.7 percent in the period 2008 to 2012 and 4.6 percent in the period 2002 to 2007.

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



Source: Kenya National Bureau of Statistics, 2018

10. The rebound in economic activity in 2018 is a reflection of improved rains, better business sentiment and easing of political uncertainty. The economy grew by 6.0 percent in the third quarter of 2018 and 6.2 percent in the second quarter of 2018 up from 5.8 percent in the first quarter of 2018, averaging 6.0 percent in the first three quarters of 2018. Growth is projected at 6.0 percent in 2018 up from 4.9 percent in 2017.
11. In the third quarter of 2018, the economy grew by 6.0 percent compared to a growth of 4.7 percent in a similar quarter in 2017, mainly supported by improved weather conditions which led to increased agricultural production and agro processing activity in the manufacturing sector. In addition, this growth was supported by pickup in activities of accommodation and food services, electricity and water supply and construction sectors.
12. Services remained the main source of growth and expanded by 5.9 percent in the third quarter of 2018 compared to a growth of 5.6 percent in the same quarter in 2017. The service sector was supported by improved growth in accommodation and restaurant (16.0 percent), wholesale and retail trade (6.8 percent), transport and storage (5.4 percent) and financial and insurance (2.6 percent). Growth of activities in information and communication (9.1 percent) and real estate (5.8 percent) remained vibrant despite the slowdown relative to the same quarter in 2017.
13. Services contributed 3.1 percentage points to real GDP growth in the third quarter of 2018 largely supported by wholesale and retail trade (0.6 percentage points), Real Estate (0.5 percentage points) and Transport and storage (0.4 percentage points).
14. The performance of Industry improved to a growth of 5.1 percent in the third quarter of 2018 compared to a growth of 2.3 percent in the same quarter in 2017 following increased activities in the manufacturing, construction and electricity and water supply sectors. The

recovery of the manufacturing sector was attributable to agro-processing activities that benefitted substantially from increased agricultural production.

15. The industry sector accounted for 0.9 percentage points to growth in the third quarter of 2018, largely driven by the construction and manufacturing sectors which contributed 0.4 percentage points and 0.3 percentage points, respectively.

Inflation Rate

16. Inflation rate was highly volatile in the period 2008-2012 and averaged 10.6 percent compared to the period 2003-2007 when it averaged 8.5 percent. The sharp increase in inflation rate in the year 2008 to 2010 was occasioned by internal shocks (post-elections disruptions and unfavorable weather conditions) and external shocks (high crude oil prices and global financial crisis). The tightening of monetary policy, together with an easing in global food and fuel prices, saw the levels of inflation come under control in 2012.
17. Month-on-month overall inflation remained stable and within target at 5.7 percent in December 2018 from 5.6 percent in November 2018, owing to a decline in food prices particularly maize, onions and tomatoes following improved weather conditions and a decline in energy prices following lower costs in prices of electricity and diesel. However, overall Inflation increased from 4.5 percent in December 2017 to 5.7 percent in December 2018 on account of an increase in international oil prices.
18. Kenya's rate of inflation compares favorably with the rest of sub-Saharan African countries and especially its peers such as Nigeria and Ghana whose inflation rates were 11.2 percent and 9.5 percent, respectively in November 2018.

Kenya Shilling Exchange Rate

19. The Kenya Shilling exchange rate remained broadly stable and competitive against major international currencies. Against the dollar, the exchange rate has been relatively less volatile exchanging at Ksh 102.3 in December 2018 from Ksh 103.1 in December 2017. Against the Euro and the Sterling pound, the Shilling also strengthened to Ksh 116.4 and Ksh 129.7 in December 2018 from Ksh 122.0 and Ksh 138.2 in December 2017, respectively.
20. The Kenya Shilling exchange rate has continued to display relatively less volatility, compared to most sub-Saharan Currencies. This stability reflects strong inflows from tea and horticulture exports, resilient diaspora remittances and improved receipts from services particularly tourism.

Interest Rates

21. Interest rates have been low and stable for the period 2002 to 2011 due to ample liquidity in the money market. However, interest rates increased in 2012 following tight monetary policy stance in order to ease inflationary pressures. Interest rates remained stable and low in the period 2013-2018 except June – December 2015 when world currencies were

under pressure. During the period, the policy rate (Central Bank Rate) was adjusted appropriately to anchor inflation expectations. The Central Bank Rate was reduced to 9.0 percent on 30th July 2018 from 9.5 percent in March 2018 as there was room for easing monetary policy stance to support economic activity.

1.3: Fiscal Performance

22. Budget execution started on a slow note in the first quarter of the FY 2018/19 due to cash flow constraints that hampered the implementation of the set priority projects and programs in the county with the only major expenditure being on personnel emolument.
23. However there was a major turnaround in the second quarter due to an increase in the disbursement of exchequer issues and the collection of local revenue which also tripled thus resulting to a significant increase in the budget implementation.
24. The county embarked on rationalization of the budget so as to realign its expenditure to the set priorities in order to regain momentum with the ultimate goal of achieving the set objectives within the financial year.

1.4: Revenue Performance

25. In the first half of the current financial as at 30th December 2018 the actual revenue collection was Ksh. 4,423,891,623 which is 32.5% of the total estimated budget of Ksh. 13,591,771,891. The National Government transfers was Ksh. 3,418,692,116 and local revenue of Ksh 1,005,199,507. Comparatively revenue collection for the FY 2017/18 and 2018/19 first half, there is an improvement of Ksh 940,308,514 which translates to a 4.5% increment.
26. In the 2017/18 FY the County realized Ksh 3,168,013,709 being 88 percent of the budgeted local revenue of Ksh. 3,609,145,681. The total revenue collected was Ksh 12,030,433,302 being 96 percent of the total budgeted revenue of Ksh. 12,513,800,701 of which Ksh 8,862,419,593 was exchequer issues and Ksh 708,419,593 transfers from other National Government entities including budgeted grants and donor funding. Equitable National share amounted to Ksh 8,154,000,000 which was 100 percent of the County allocation.
27. The County received Donor Funding from DANIDA of Ksh. 23,261,504 Health Conditional Grants of Ksh. 411,953,618, Road Maintenance Levy Grant of Ksh. 182,073,057, World Bank-KDSP Level 1, Ksh. 49,809,062, World Bank-THUSCP, Ksh. 10,736,032 and a Grant of Ksh. 30,586,320 for Development of Youth Polytechnics.
28. The property income and business permits revenue streams realized more than 100 percent of their budgeted revenues.

1.5: Expenditure Performance

29. Total expenditure for the first half of the FY 2018/19 amounted to Ksh 4,800,227,479 which was a 40 percent increase in expenditure compared to the same period in the last financial year 2017/18 which was Ksh 3,435,899,096.
30. Recurrent expenditure amounted to Ksh 4,239,976,594 which comprises of Ksh 2,374,397,896 for compensation of employees, Ksh 629,256,571 on use of goods and services, Ksh 222,953,890 as transfers to other Government Entities, Ksh 98,331,538 for other grants and transfer and Ksh 915,036,699 on other recurrent payments.
31. Development expenditure for the first half of the current financial year amounted to Ksh 560,250,884 with only Ksh 59,547,812 having been spent in the first quarter. The underperformance in development expenditure reflects low absorption by Departments; unrealized local revenues, delay in procurement and under reporting of externally funded donor projects.

1.6: 2017/18 FY Fiscal Policy

32. The County realized Ksh 3,168,013,709 being 88 percent of the budgeted local revenue of Ksh. 3,609,145,681. The total revenue collected was Ksh 12,030,433,302 being 96 percent of the total budgeted revenue of Ksh. 12,513,800,701 of which Ksh 8,862,419,593 was exchequer issues and Ksh 708,419,593 transfers from other National Government entities including budgeted grants and donor funding. Equitable National share amounted to Ksh 8,154,000,000 which was 100 percent of the County allocation.
33. Total expenditure amounted to Ksh 11,123,798,738 against a target of Ksh 12,513,800,701 representing an under spending of Ksh 1,390,001,963. (Or 11 percent deviation from the revised budget). The shortfall was attributed to lower absorption in both recurrent and development expenditures due to unrealized local revenue
34. The County has hit the highest in budget implementation at 89 percent which is a 18 percent increase from the previous financial year's budget implementation.
35. Reflecting the above performance in revenue and expenditure, the County realized 89 percent of the budgeted amount and had an expenditure of the same percentage. There was an overall fiscal balance of approximately Ksh 700 million. This is the Cashbook balance and may differ from the bank balance due to reconciliation items that is un-credited receipts and un-cleared real time gross settlements (RTGS) and cheques.
36. The County had a fiscal deficit of Ksh. 600 Million to finance.
37. The County Government continues to put up stringent measures that ensures that the budget deficit is reduced and adjustments will be made to fiscal aggregates to reflect revisions in the macroeconomic projections as well as revenue performance for the last two quarters of FY 2018/19;

38. Taking into account the slower pace of execution of the budget by County Departments, The reasons for the deviations, as explained above, from the financial objectives include: lower than projected revenue collection; under-spending in both recurrent and development; under-reporting on donor funding by Departments thus the base line ceilings for spending agencies will be adjusted and then firmed up in the next CFSP 2019.
39. While we expect the economy to remain resilient, our projections remain cautious. We expect Revenue growth to be 10 percent in 2019/20; representing a steady 10 percent revision upwards from the 10 percent projected in the CFSP 2018. This is expected to remain constant for the next two years as we expect to fully realize the projected revenue from the devolved functions .
40. The under-spending in both recurrent and development budget for the FY 2017/18 additionally has implications on the base used to project expenditures in the FY 2018/19 and the medium term. Appropriate revisions have been undertaken in the context of this CBROP, taking into account the budget outturn for the FY 2017/18. The County Treasury will work closely with the implementing Departments to fast track absorption.
41. Notably is the fact that Departments have been taking measures to ensure that they prioritize projects and programs that they are able to implement in the short term which has increased the overall Departmental absorption rate and this trend should be maintained if not improved further.

1.5: Economic Outlook

42. The County Government will continue to pursue prudent fiscal policy to ensure stability. In addition, our fiscal policy objective will provide an avenue to support economic activity while allowing for sustainable management of public finances. As such, the CG is committed to a gradual reduction in the pending bills by putting up mechanisms to offset the current pending bills and ensuring expenditure is strictly done guided by availability of funds.
43. Fiscal policy will continue to support County development economic activities while providing a platform for the implementation of the CIDP within a context of sustainable public financing. 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 2019/20 by encouraging more private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.
44. With respect to revenue, the CG will maintain a strong revenue effort at 20 percent of Revenue Growth over the medium term. Measures to achieve this effort include upgrading

of the county revenue automated systems, establishment of a County Revenue Authority to prudently manage and oversee the local revenue. In addition, the CG will rationalize existing fees and charges incentives, expand the income base and remove exemptions as envisaged in the Constitution.

45. On the expenditure side, the CG will continue with rationalization of expenditure to improve efficiency and reduce wastage. Expenditure management will be strengthened with continued implementation of the Integrated Financial Management Information System (IFMIS) across departments.
46. 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.

1.6: Risks to the Economic Outlook

47. The main challenges that continue to be experienced relate to unrealized projected local revenue collection, bloated wage bill and huge pending bills some of which are statutory deductions that accrue huge interests.
48. The high wage bill continues to be a major challenge in the implementation of the budget. Currently in the 2018/19 financial year the personnel emoluments stands at 39% of the overall county budget which is 4% way above the statutory requirement of 35%. The recruitment of key essential staff and the frequent salary increment for various cadres of staff continues to increase the already bloated wage bill. The various collective bargaining agreements (CBAs) to increase salaries and benefits of various officers also continues to threaten the already bloated wage bill.
49. The County's major departmental restructuring in terms of personnel and functions continues to affect the Outlook.
50. Non timely disbursement of funds by the national government continues to be another challenge as this could lead to delay in execution of planned activities of the County thus compromising service delivery.
51. Looking ahead, due to revenue shortfalls, the ever increasing pending bills and a high wage bill, continues to pose a threat of a budget deficit. Systems are being put in place to improve local revenue performance following revenue collection reforms and moderation in recurrent expenditure, so as to increase the revenue bases and the fiscal position in the medium term.
52. The Government will monitor the above risks and take appropriate measures to safeguard macroeconomic stability including preparation of supplementary budgets to regularize and align any emerging issues.
53. The 2019 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) 2019/2020 and the Medium Term. The paper covers the following broad areas: review of the fiscal performance of FY 2017/18, the fiscal performance of first half of the FY 2018/2019; highlights of the recent economic developments and economic outlook; broad strategic priorities and policies for FY 2019/2020 as outlined in the Medium Term Fiscal Framework and in the Mombasa County Integrated Development Plan (CIDP) 2018-2022.

54. The county will continue reorienting expenditure towards those priority programmes outlined in County's Integrated Development Plan 2018-2022 and as identified in public consultative forums. The strategy will thus implement the priority programmes/ projects as entailed in the draft CIDP 2018-2022. The critical programmes to be implemented are expected to stimulate the County's socio-economic development. The key County proposed priority areas are;

- Increased accessibility to water and food security
- Investing in accessible and quality health services
- Streamlined waste management services
- Provision of Quality Education, Gender empowerment, Youth & Sports development
- Improved Land and Housing Services
- Investing in infrastructure development

55. 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.

CHAPTER TWO

2.0: MOMBASA COUNTY PLAN FOR JOB CREATION, SHARED PROSPERITY AND HIGH STANDARD OF LIVING

2.1: Introduction

56. The 2019 CFSP is the second to be prepared to implement the County Integrated Development Plan 2018-2022. The Strategy reaffirms the priority policies and strategies outlined in the CIDP, the County Vision 2035 which are aligned with “The Big Four” Plan and as prioritized in the Third Medium Term Plan of the Vision 2030.

57. In this regard, the County Government has taken decisive steps to harness the implementation of various policies and programmes within the key priorities in the CFSP 2019 as outlined below.

- Increased accessibility to water and food security
- Investing in accessible and quality health services
- Streamlined waste management services
- Provision of Quality Education, Gender empowerment, Youth & Sports development
- Improved Land and Housing Services
- Investing in infrastructure development

58. Implementation of the key priority areas compliment the each of the four pillars and is expected to accelerate and sustain inclusive growth, create opportunities for productive jobs, reduce poverty and income inequality and provide a better future for the Mombasa Citizenry and all Kenyans at large.

2.1.1: County Priority areas

59. The fiscal plan in 2019/20 entails a deliberate effort to continue exercising prudence in public expenditure management with the principal goal of containing fiscal risks, gradually lowering the fiscal deficit, and containing growth of recurrent expenditures in favor of productive capital spending. To achieve this, the Government endeavors to prioritize spending in health, education, infrastructure, sanitation and waste management, social protection, youth and gender empowerment. The overall objective of this is to realize sustainable, shared and equitable growth that would in return lead to acceleration to job creation and improved livelihoods for the citizenry.

60. **Increased accessibility to water and food security:** Water in the County is managed by the Mombasa Water and Sewerage Company. Water supply for the county is from Mzima Springs in Taita Taveta County, Marere, and Sabaki/Baricho in Kilifi County and Tiwi Boreholes in Kwale County. This supply only meets 65 per cent of the county water

demand. The water network coverage currently stands at 63% with a daily supply of 50,000 cubic meters against the demand of 200,000 cubic meters. Additionally, most residents rely on borehole water that contains a high percentage of faecal contamination and not safe for domestic use.

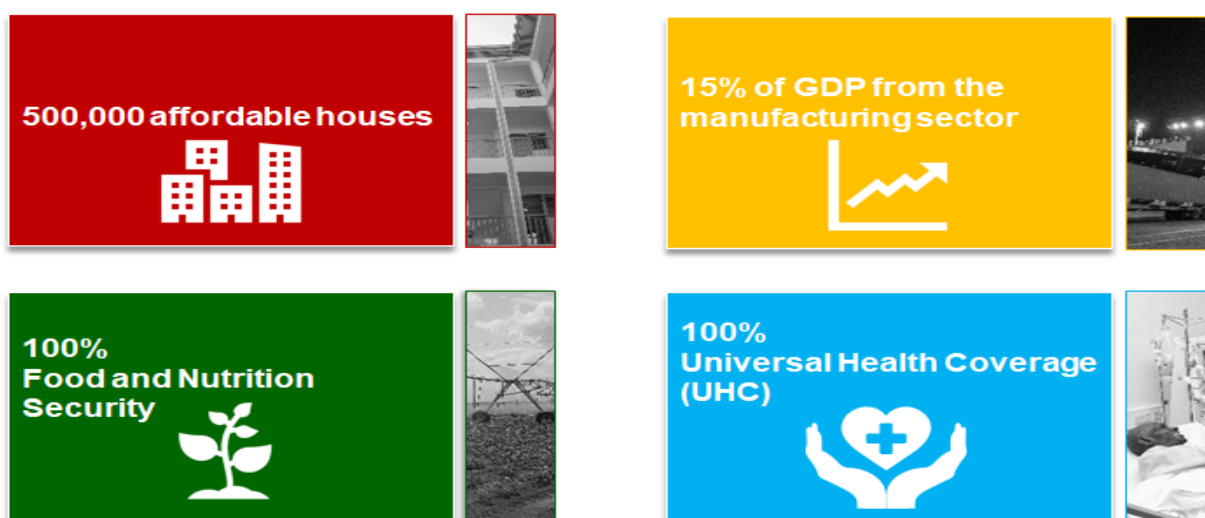
61. The county also sources its water from 452 shallow wells spread across the entire county, three permanent springs, four water pans found in the rural areas of the county and a number of boreholes operated by private investors, NGOs and local CBO's. These sources are complemented by the pipe water system that is sourced from Mzima springs, Marere, Sabaki/Baricho and Tiwi Boreholes. The piping system is currently under rehabilitation by the Coast Water Services Board with the support of the Water and Sanitation Development Project (WSDP) by the World Bank while plans are at an advanced stage to set up a water desalination plant in the County to address the water shortage issues.
62. On food security, measures have been put in place to implement a Food for Assets Program whereby the local community and groups will be engaged in environmental conservation activities by planting of fruit trees which are more sustainable. Mombasa County being strategically positioned within the ocean blue economy exploitation is one of the priority areas the county has purposed to continue investing on heavily by procuring more modern deep sea fishing vessels, setting of cold storage units and fish markets.
63. **Investing in accessible and quality health services:** The county government is committed to advocating and supporting the universal health care by among others reducing the out of pocket expenditure on health by ensuring the citizenry are enrolled into the National Health Insurance fund.
64. In regards to health services the county hosts the Coast Level Five Hospital which is a referral facility serving the entire coast region. Other lower level hospitals include the Tudor and Port Reitz level four hospitals. These are further complemented by fifteen private hospitals, four nursing homes, nine health clinics of which two are public and seven privately managed. The department of health is committed to improve access to and quality of health services in Mombasa County through customization, adoption and implementation of health policy, health legislations and regulations. This will be achieved through the County referral services, capacity building of health care providers and technical support to all health facilities in the county.
65. **Streamlined Waste Management Services:** Poor waste disposal in the county is the leading cause of environmental degradation due to lack of effective solid waste management systems. The county has witnessed a proliferation of illegal dumpsites with piles of uncollected garbage littering most estates of the county. In addition, only 17 per cent of the County is connected to the sanitation and sewerage system of the former City Council

of Mombasa at Kipevu Sewerage plant. Thus, a large amount of untreated sewage is being disposed off into the Indian Ocean while solid waste is disposed at the Mwakirunge Dumpsites. However, the County Government is currently embarking on solid waste management whereby it decommissioned the Kibarani and VOK dumpsites and efforts are in place to commission landfills that adhere to environmental safeguards.

66. Streamlined disposal of solid and liquid waste will ensure that liquid waste is not disposed into the ocean untreated and minimize incidences where people burn solid wastes as a way of disposal. There are also plans to establish a solid waste recycling plant in Mwakirunge area of Kisauni Sub-county as a measure of tackling the solid waste menace in the county.
67. **Provision of Quality Education, Gender empowerment, Youth & Sports development:** The County is relatively well-endowed with education facilities though inadequate as demonstrated by a literacy rate of 57 per cent. The teacher pupil ratio stands at 1:48 and 1:41 for primary and secondary schools respectively. There are a total of 96 public primary schools in the county with 70,345 enrolled students and 1,454 teachers. At the secondary school level, there are 28 public secondary schools with a student population of 14,576 and teachers population of 423.
68. Due to incidences of underperformance of most children who sit for KCPE and KCSE every year. It is critical that those who do not manage entry into high school or tertiary institutions be assisted to skills in artisanry. The County Government through the Department of Education offers vocational training sponsorship to School leavers, dropouts and youth between the ages of 16 - 25 yrs. of 70% annual fees to students recruited to join Mombasa City Polytechnics through TUKUZE VIPAWA Program, to acquire vocational skills.
69. The Kenya Constitution is said to be one of the most progressive constitutions that has an expansive Bill of Rights as one of its critical features as well as a set of national values and principles of governance. It heralds a new dawn for women as it recognizes the critical role that women play in the development of the country. Through affirmative action provisions such as those in Articles 27 and 81, has incorporated the one-third gender rule and increased the number of women in leadership positions across all political establishments at the national and county levels. The same rule is also being applied across company boards and in public bodies amid an urgent need to ensure employment opportunities are also set at par. The County Government is committed and ensures that development initiatives are all inclusive and is developing programs to this effect.
70. The County continues to improve and develop new Sports facilities at the ward level and also empowerment of Women, Youth and Persons living with disabilities through training, nurturing of talents and provision of business funds through a revolving fund.

71. **Improved Land and Housing Services:** The County strives to facilitate attainment of high quality of life for its residents of the county through planning, land administration and provision of decent, adequate and affordable housing. The County will continue to work closely with the National Government in Planning and issuance of titles allocation targeting to issue 1,500 title deeds in the medium term and also repossession of all grabbed public land. In this regard, the County will take part in surveying, planning and mapping to ensure investors and the residents are able to benefit from land as a factor of production.
72. The County has a mega program on Social Housing Units which entails Construction of 3,000 social housing units in 10 County Estates. The main reason for public investment in affordable housing provision is distributional. It is guarantee that disadvantaged segments of the society have access to affordable decent housing.
73. **Investing in infrastructure development:** This is an area that the county heavily invests in and is amongst the key priority sectors. It is an enabler that ensures amongst others a vibrant 24 hours economy and also a preferred worldwide tourist destination. Amongst the main interventions is improvement of our Roads, drainage, non-motorized transport and beautification and face-lifting of the County.
74. The County will endeavor to support and ensure a conducive business environment by improving the trading infrastructure including the rehabilitation of the existing markets and setting up new ones at strategic locations within the county.
75. On improving the sanitation services in the County; efforts are being put in place to ensure that sanitation coverage is increased. Some of the efforts being put in place include the community strategy where the Department of Health is establishing community units manned by community health workers to try and address sanitation, hygiene and health issues as well as stepping up the water and sanitation programme compliance in the county.

2.2: The County “Big Four” Plan



76. The County Government has plans to complement the implementation of the “Big Four” as outlined in the County’s key policy documents amongst them the County Integrated Development Plan 2018-2022, the Mombasa Vision 2035, the Mombasa Social Protection Strategy 2018 and others.

77. **Affordable Housing:** Affordable housing remains a challenge not only in Mombasa County but also globally as well as nationally. In this regard it’s the eleventh Sustainable Development Goal which is about making cities inclusive, safe, resilient, and sustainable. According to UN Habitat, the key target of Goal Eleven was to ensure that all people have access to adequate, safe and affordable housing. Creating a housing market that accommodates people with low-income is a priority for Kenya’s policy makers which Mombasa County has adopted. In Urban environments like Mombasa, low income earners stay in housing built informally or inadequately, below any minimum building standards, made of inappropriate building materials that do not create permanent housing conditions. This reaffirms the poverty condition of these vulnerable groups, and makes sustainable development seem like a challenging goal.

78. To address this concern, the County proposes the construction of 3,000 low cost housing units in 10 County Estates so as to increase access levels to decent housing by low income earners from 4% to 10%. This investment in affordable housing is mainly to address distributional gaps. It will guarantee that disadvantaged segments of the society have access to affordable decent housing, and the department will work with established CT programs in ensuring that the neediest populations benefit from the settlement.

79. **Universal Health Coverage (UHC):** In achieving Universal Health Coverage the County’s main focus is to advocate and sensitize the citizenry to enroll in the national health insurance scheme as this reduces the out of pocket expenditure in health leaving them with

income for improving their standards of living. In Mombasa County, the Demographic Health Survey indicates that the coverage of NHIF is 31.8% (2015) against a national average of 26.7%. This coverage increased from 25% which was recorded in 2012. This still leaves a critical mass without health insurance.

80. To address this gap, the county, through its social protection strategy, commits to invest in enrolling all Community Health Workers with NHIF, and to pursue and promote innovative Community Based Health Financing Models targeting young mothers - as an effort to improve coverage of health insurance amongst the general population from the current 26.7% to 60% by end of 2022. The plan will involve linkage with other Social Assistance initiatives including national level programs in order to influence the inclusion of Health Insurance cover within the Social Assistance package of care.
81. **Food and Nutrition Security:** Mombasa County through the Department of Agriculture, Livestock, Fisheries and Cooperative Development will prioritize the three fundamental components of food security; availability, access and utilization. Being a purely urban county, the dynamics of food security differs compared to rural contexts and across urban socio-economic groups. Access to food in urban areas is dependent on cash exchange, with some exceptions where some urban food production (like fishing) contributes directly to household intake. Reliance on purchased food is the leading factor in household food (in) security of poor urban populations, yet many lack a fixed income. There is therefore a great potential for vulnerable households to use urban agriculture as a means of supplementary income and for direct household consumption. The department will also support community groups participating in urban farming and fishing, and will equally promote the planting of 100,000 fruit trees that will also promote environment conservation and mitigate climate change effects.
82. **County's Contribution to the Growth of National GDP through manufacturing:** The county Government will continue to support job creation by encouraging manufacturing industries to set up shop within the county through the improvement of the existing infrastructure and setting up of special economic zones. The County will additionally work with industry players to support innovation across the entire value chain – whether in buying new solutions, building their own, or partnering with others to innovate.
83. On the blue economy, Kenya successfully hosted the Sustainable Blue Economy Conference in November 2018 which Mombasa County actively took part in and hosted the pre-conference which reflects the County's commitment to revamp the blue economy. Successful hosting of this Conference paved way for investment in the blue economy within Mombasa County which is strategically located in the coastline thus it's expected to create thousands of marine related jobs and support efforts to realize food and nutrition security in addition to enhancing environmental sustainability.

84. To support the blue economy, the Government created the Kenya Coast Guard Service which the County fully support and compliment to guard Kenya's territorial waters against illegal fishing at the exclusive economic zone and from criminals. The Kenya Coast Guard Service is also tasked with enforcing maritime security and safety, pollution, and sanitation measures, and prosecution of offenders. Boosted security is expected to encourage fishing in the deep sea.
85. Additionally, the County Government has purchased deep sea fishing vessels that are geared towards expending fishing and conserve the marine life within the Coast line.

2.3: County Economic and Fiscal Overview

86. This County Fiscal Strategy Paper 2019/20 is prepared at a time when Inflation rate was highly volatile in the period 2008-2012 and averaged 10.6 percent compared to the period 2003-2007 when it averaged 8.5 percent. The sharp increase in inflation rate in the year 2008 to 2010 was occasioned by internal shocks (post-elections disruptions and unfavorable weather conditions) and external shocks (high crude oil prices and global financial crisis). The tightening of monetary policy, together with an easing in global food and fuel prices, saw the levels of inflation come under control in 2012.
87. Amongst the 47 counties Mombasa contributes 4.7% to the Country's GDP which ranks it fourth and has a Growth County Product (GCP) of 7% above the country's average of 5.6%.
88. In the first six months of the financial year, revenues collection has adopted a steady momentum and is comparatively higher to the same period in the last financial year.
89. In the third quarter we expect a rapid increment in the local revenue collection as some of the major revenue streams have a deadline of the third quarter before accruing penalties.
90. Mombasa County faces a unique distributional challenges in real GCP per capita due to dynamics in real economic activities as well as evolution of population size including internal migration and floating population which ultimately has an implication on public service delivery, including a rise in expenditure to deliver essential services.
91. The county continues to heavily invest in infrastructure through expansion of roads, rehabilitation of non-motorized transport (NMTs), opening up of access roads so as to ease the movement of goods and people within the county. Efforts are also in place to put up and rehabilitate trading centers and markets with the ultimate collective objective of creating a 24 hour economy.
92. Blue economy being an avenue that has been recognized internationally as a sector that can not only alleviate hunger but improve the standards of living of the citizens, in this regard the County Government is in the forefront to harness and exploit its resources through purchasing of deep sea fishing vessels so as to significantly expand fishing.

93. In addition to the above measures, the Government will continue to complement the development of industrial infrastructure such as Export Processing Zones (EPZs), Special Economic Zones (SEZs) and industrial parks within the county. More specifically the establishment of the Dongo Kundu SEZs and infrastructures.

2.4: Fiscal Performance and Emerging Challenges

94. The Mombasa County Assembly approved the 2018/2019 budget with expenditure amounting to Ksh. 13,591,771,891, comprising of recurrent expenditure of Ksh. 8,626,124,854, and development expenditure of Ksh. 4,965,647,037. This budget was to be financed by Ksh. 3,877,215,398 from local revenue sources and total exchequer issues of Ksh. 9,714,556,493 including Ksh. 8,226,800,000 from national equitable share, Ksh. 388,439,306 conditional Grant for Level Five Hospital, Ksh. 50,000,000 Transforming Health Systems for Universal Care Project (World Bank-IDA), Ksh. 35,591,582 DANIDA grant, Ksh. 23,385,934 CA-User Fees Forgone, CA-Fuel levy fund Grant Ksh. 216,604,479, Conditional Allocation for Rehabilitation of Youth Polytechnics Ksh. 39,895,000, Agriculture Sector Development Support Program II Ksh. 30,697,405, Kenya Devolution Support Program Ksh. 53,333,725 and World Bank Development Project of Ksh. 600,000,000.

95. Fiscal outcome for the first half of the financial year was at 33 percent which was attributed to shortfall of revenue amid rising expenditure pressures. Expenditure pressures relate to the rising wage bill resulting from personnel emoluments. Currently the wage bill is amounting to Ksh. 5 Billion which is 37 percent of the budget taking up a substantial amount of the county revenue. Nearly half of the personnel budget is going to the health sector due to the increased allowances and ongoing promotions. Continued recruitment and promotions is unsustainable and poses risk to the stability of the budget for 2018/2019 and subsequent years if the situation is not contained. There is therefore, need to develop a strategy to mitigate the growing wage bill in the county.

96. 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.

97. Unrealized local revenues, inadequate equitable share due to unfavorable formula parameters, delayed exchequer releases, and tedious procurement bureaucracies continues to hamper budget implementation.

Budget Out-turn, July – December 2018

98. In the current financial as at 30th December 2018 the actual revenue collection attained in the half of the FY was Ksh. 4,423,891,623 which is 32.5% of the total estimated budget of Ksh. 13,591,771,891. The National Government transfers was Ksh. 3,418,692,116 and local revenue of Ksh 1,005,199,500.

Table 1: Local Revenue realized within four financial years

MONTH	2014/2015	2015/2016	2016/2017	2017/2018
JULY	107,993,724	138,888,662	78,327,409	128,948,779
AUGUST	100,777,052	121,870,568	138,978,980	79,974,633
SEPTEMBER	111,228,807	123,410,370	134,037,320	98,958,707
OCTOBER	118,510,601	115,703,161	160,474,776	91,999,794
NOVEMBER	110,127,777	122,057,894	183,999,072	90,326,887
DECEMBER	190,190,455	115,254,598	151,828,812	88,025,962
JANUARY	342,310,961	337,329,057	321,392,757	218,656,932
FEBRUARY	304,617,946	200,260,788	303,286,028	202,052,628
MARCH	443,292,331	308,215,252	469,422,317	677,958,599
APRIL	185,264,925	612,075,951	365,071,728	677,126,092
MAY	145,379,105	376,582,733	328,912,588	254,091,979
JUNE	332,906,461	371,871,652	530,509,174	551,010,104
ACTUAL	2,492,600,145	2,943,520,686	3,166,240,961	3,168,013,709
BUDGETED	5,121,608,018	4,148,199,619	5,289,747,004	3,609,145,681

Source: County Treasury

Figure 2: Local Revenue Trend Analysis from Year 2014/2015 to 2017/2018

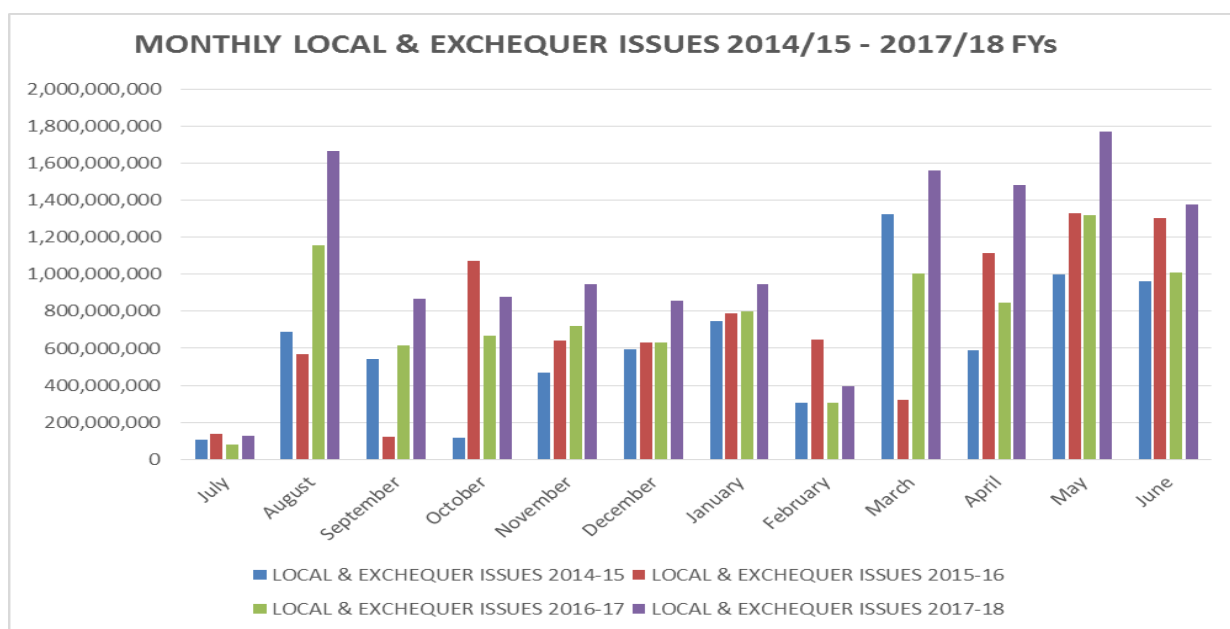


Table 2: Monthly Excchequer Issues Over Four Financial Years

	<i>KSH.</i>	<i>KSH.</i>	<i>KSH.</i>	<i>KSH.</i>
<i>MONTH</i>	<i>EXCHEQUER ISSUES 2015-2016</i>	<i>EXCHEQUER ISSUES 2016-2017</i>	<i>EXCHEQUER ISSUES 2017-2018</i>	<i>*ALLOCATED EXCHEQUER ISSUES 2018-2019</i>
<i>JULY</i>	0	0	597,970,752	0
<i>AUGUST</i>	448,064,387	1,037,748,641	0	1,583,472,708
<i>SEPTEMBER</i>	0	501,676,603	473,286,618	767,449,963
<i>NOVEMBER</i>	517,858,857	558,883,251	996,790,289	854,880,971
<i>DECEMBER</i>	517,237,435	501,676,603	843,101,778	767,449,963
<i>JANUARY</i>	450,078,941	478,282,890	866,001,087	728,591,737
<i>FEBRUARY</i>	448,064,387	15,105,000	683,706,112	194,291,130
<i>MARCH</i>	12,399,574	577,456,833	712,190,289	884,024,641
<i>APRIL</i>	500,043,327	525,787,311	78,786,439	806,308,189
<i>MAY</i>	955,030,610	1,111,343,905	824,219,384	1,515,470,813
<i>JUNE</i>	933,956,255	538,706,387	2,786,366,845	825,737,302
<i>TOTAL</i>	<i>5,739,766,499</i>	<i>6,364,750,439</i>	<i>8,862,419,593</i>	<i>9,714,556,493</i>

Figure 3: Monthly Exchequer Issues Over Four Financial Years

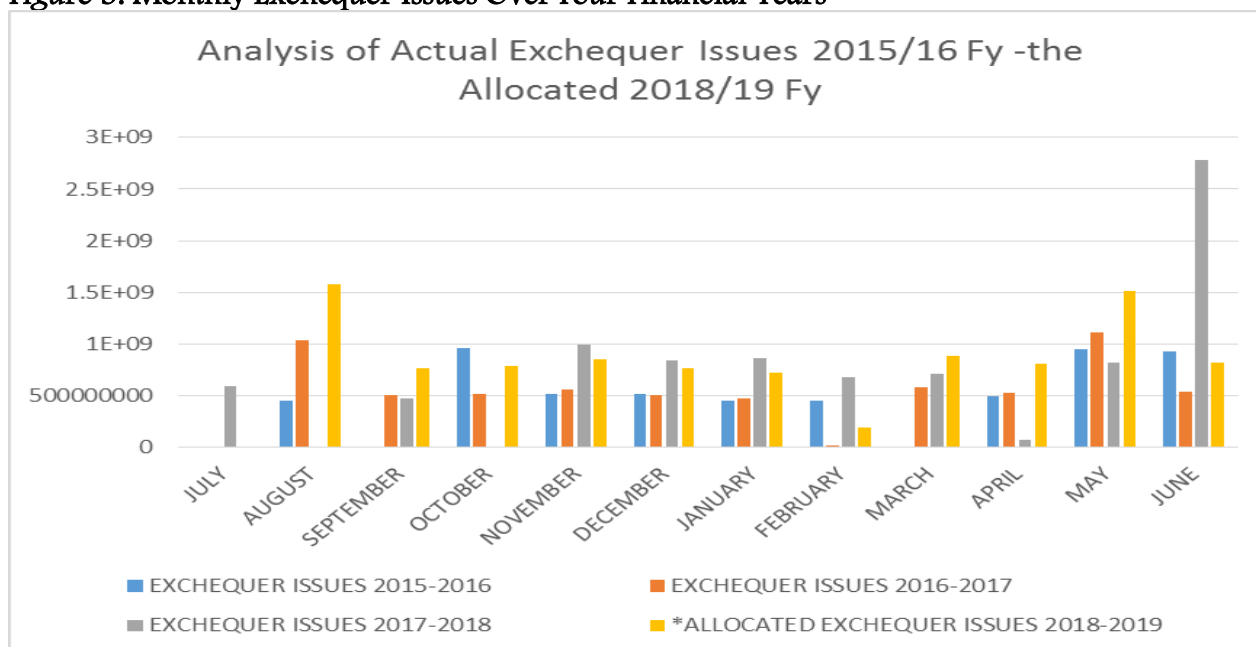


Table 3: Summary of Revenue Analysis FY-2017/2018

COUNTY GOVERNMENT OF MOMBASA FY-2017/18

SUMMARY OF EXCHEQUER REVENUE ANALYSIS

FINANCE AND ECONOMIC PLANNING	ANNUAL BUDGETED	GRAND TOTAL	(%) PERFORMANCE
Equitable Share	8,154,000,000	8,154,000,000	100
FINANCE AND ECONOMIC PLANNING-National Government Equitable Share	8,154,000,000	8,154,000,000	100
Level 5 Hospital Grant	388,439,306	388,439,306	100
User fees forgone	23,385,934	23,514,312	101
DANIDA	23,261,504	23,261,504	100
COUNTY HEALTH	435,086,744	435,215,122	100
World Bank-KDSP Level 1	49,809,062	49,809,062	100
World Bank-THUSCP	34,355,302	10,736,032	31
	84,164,364	60,545,094	72
Road maintenance levy Grant	221,465,275	182,073,057	82
TRANSPORT ROAD AND INFRASTRUCTURE	221,465,275	182,073,057	82
Development of Youth Polytechnics	30,586,320	30,586,320	100
	30,586,320	30,586,320	100
NATIONAL GOVERNMENT DISBURSEMENTS	8,925,302,703	8,862,419,593	99
TOTAL REVENUE	12,534,448,384	11,998,150,072	96

Source: County Treasury

2.5: Development and Recurrent Expenditures

99. The Expenditure for the first half is Ksh. 4,800,227,479 out of which Ksh. 2,374,397,896 was Compensation of Employees, Ksh. 629,256,571 was spent on goods and services, Ksh. 222,953,890 on Transfers to Other Government Entities, Ksh. 131,465,133 on Other Payments, Ksh. 587,852,947 was spent on other grants and transfers and Ksh. 854,301,042 spent on Acquisition of Assets.

Table 4: Overview of the County's Receipts and Expenditures Performance as at 30th December 2018

1 st Half 2018-2019	
RECEIPTS	Ksh
Exchequer releases	3,372,988,400
Transfers from National Government Entities & Grants	45,703,716
Other Receipts (Local Revenue)	1,005,199,507
Total Receipts	4,423,891,623
PAYMENTS	Ksh
Compensation of Employees	2,374,397,896
Use of goods and services	629,256,571
Transfers to Other Government Entities	222,953,890
Other grants and transfers	587,852,947
Acquisition of Assets	854,301,042
Other Payments	131,465,133
TOTAL PAYMENTS	4,800,227,479
SURPLUS/DEFICIT	376,335,856

Source: County Treasury

Table 5: First Half Departmental Recurrent Expenditure FY 2018/2019

S/NO	DEPARTMENTS- RECURRENT	Approved Budget FY 2018/2019	Supplementary Budget 2018/2019	Total Recurrent Expenditure 18/19	%age
3011	County Executive	382,877,200	410,566,500	168,985,027	44
3012	County Assembly	610,986,278	787,114,950	222,953,890	36
3013	Public Service Board	131,749,530	111,288,443	33,303,259	25
3014	Finance & Economic Planning	1,107,521,980	1,773,810,896	809,498,927	73
3015	Energy, Environment & Waste Management	510,208,594	570,289,986	235,350,818	46
3016	Education, Information Technology & MV 2035	578,507,296	527,464,752	133,292,808	23
3017	Health Services	2,683,387,579	2,648,468,412	1,390,803,090	52
3018	Water, Sanitation & Natural Resources	137,635,994	67,485,161	14,011,798	10
3019	Youth, Gender , Sports and Cultural Affairs	230,297,579	235,406,885	83,977,342	36
3020	Trade, Tourism & Investment	405,456,909	415,207,079	149,652,616	37
3021	Lands, Housing and Physical Planning	226,404,844	195,231,350	76,814,078	34
3022	Transport & Infrastructure	468,593,286	475,284,764	94,731,200	20
3023	Agriculture, Fisheries, Livestock and Co-operatives	232,703,389	281,850,966	90,864,824	39
3026	Devolution and Public Service Administration	919,794,396	956,319,940	441,686,760	48
	TOTAL	8,626,124,854	9,455,790,084	3,945,926,437	46

Table 6: First Half Departmental Development Expenditure FY 2018/2019

S/NO	DEPARTMENTS- DEVELOPMENT	Approved Budget FY 2018/2019	Supplementary Budget 2018/2019	Total Development Expenditure 18/19	%age
3011	County Executive	84,424,673	22,382,800	2,982,393	4
3012	County Assembly	45,773,748	-	-	-
3013	Public Service Board	21,637,280	6,480,000	-	-
3014	Finance & Economic Planning	302,447,782	589,396,652	167,770,585	55
3015	Energy, Environment & Waste Management	410,372,081	232,553,661	45,290,698	11
3016	Education, Information Technology & MV 2035	244,499,756	129,780,651	2,021,920	1
3017	Health Services	240,255,554	203,801,774	145,923,826	61
3018	Water, Sanitation & Natural Resources	767,050,100	600,000,000	-	-
3019	Youth, Gender , Sports and Cultural Affairs	1,269,841,602	461,905,102	1,482,629	0
3020	Trade, Tourism & Investment	95,631,669	103,651,000	-	-
3021	Lands, Housing and Physical Planning	221,201,888	201,200,000	20,657,554	9
3022	Transport & Infrastructure	837,855,896	1,293,080,359	418,857,892	50
3023	Agriculture, Fisheries, Livestock and Co-operatives	266,591,948	222,687,548	44,110,704	17
3026	Devolution and Public Service Administration	158,063,060	69,062,260	5,202,841	3
	TOTAL	4,965,647,037	4,135,981,807	854,301,042	17

Table 7: First Half Departmental Total Expenditure FY 2018/2019

S/NO	DEPARTMENTS- TOTAL	Approved Budget FY 2018/2019	Supplementary Budget 2018/2019	Total Expenditure 2018/19	%age
3011	County Executive	467,301,873	432,949,300	171,967,420	37
3012	County Assembly	656,760,026	787,114,950	222,953,890	34
3013	Public Service Board	153,386,810	117,768,443	33,303,259	22
3014	Finance & Economic Planning	1,409,969,762	2,363,207,548	977,269,512	69
3015	Energy, Environment & Waste Management	920,580,675	802,843,647	280,641,516	30
3016	Education, Information Technology & MV 2035	823,007,052	657,245,403	135,314,728	16
3017	Health Services	2,923,643,133	2,852,270,186	1,536,726,916	53
3018	Water, Sanitation & Natural Resources	904,686,094	667,485,161	14,011,798	2
3019	Youth, Gender , Sports and Cultural Affairs	1,500,139,181	697,311,987	85,459,971	6
3020	Trade, Tourism & Investment	501,088,578	518,858,079	149,652,616	30
3021	Lands, Housing and Physical Planning	447,606,732	396,431,350	97,471,632	22
3022	Transport & Infrastructure	1,306,449,182	1,768,365,123	513,589,092	39
3023	Agriculture, Fisheries, Livestock and Co-operatives	499,295,337	504,538,514	134,975,528	27
3026	Devolution and Public Service Administration	1,077,857,456	1,025,382,200	446,889,601	41
	TOTAL	13,591,771,891	13,591,771,891	4,800,227,479	35

Table 8: Departmental Percentage Recurrent Expenditure FY 2017/2018

S/NO	DEPARTMENTS	Approved Budget FY 2017/2018	Supplementary Budget 2017/2018	Total Recurrent Expenditure	%age
3011	County Executive	396,640,017	467,423,250	378,301,305	81%
3012	County Assembly	716,768,285	667,637,636	525,366,107	79%
3013	Public Service Board	136,119,894	96,256,575	81,523,719	85%
3014	Finance & Economic Planning	1,118,934,530	1,398,745,546	1,527,872,242	109%
3015	Energy, Environment & Waste Management	467,992,811	583,590,904	466,677,689	80%
3016	Education, Information Technology & MV 2035	800,809,352	537,270,997	449,027,745	84%
3017	Health Services	2,520,449,992	2,655,323,757	2,815,041,851	106%
3018	Water, Sanitation & Natural Resources	138,429,394	92,290,586	69,976,388	76%
3019	Youth, Gender , Sports and Cultural Affairs	266,825,511	201,213,382	149,315,697	74%
3020	Trade, Tourism & Investment	445,316,159	281,439,236	225,143,300	80%
3021	Lands, Housing and Physical Planning	230,773,242	170,303,830	128,732,927	76%
3022	Transport & Infrastructure	500,807,858	553,004,718	462,102,968	84%
3023	Agriculture, Fisheries, Livestock and Co-operatives	208,929,527	167,107,214	137,386,866	82%
3026	Devolution and Public Service Administration	660,626,564	840,999,139	733,379,120	87%
	TOTAL	8,609,423,136	8,712,606,770	8,149,847,924	94%

*Source: County Treasury***Table 9: Departmental percentage Development Expenditure FY 2017/2018**

S/NO	DEPARTMENTS	Original Budget FY 2017/2018	Supplementary Budget FY 2017/2018	Total Development Expenditure	%age
3011	County Executive	86,895,979	51,476,780	24,778,518	48%
3012	County Assembly	0	0	0	0%
3013	Public Service Board	20,925,803	2,172,605	1,719,035	79%
3014	Finance & Economic Planning	701,096,095	1,014,197,786	797,585,387	79%
3015	Energy, Environment & Waste Management	56,452,690	116,508,000	53,152,056	46%
3016	Education, Information Technology & MV 2035	370,414,890	80,335,802	55,174,830	69%
3017	Health Services	531,581,774	131,193,049	119,704,855	91%
3018	Water, Sanitation & Natural Resources	352,650,000	44,167,968	27,801,952	63%
3019	Youth, Gender , Sports and Cultural Affairs	287,179,499	272,532,129	194,046,029	71%
3020	Trade, Tourism & Investment	131,171,827	6,947,040	3,181,719	46%
3021	Lands, Housing and Physical Planning	427,709,866	198,990,569	159,757,785	80%
3022	Transport & Infrastructure	691,205,663	1,733,031,277	1,471,482,134	85%
3023	Agriculture, Fisheries, Livestock and Co-operatives	150,401,161	131,055,041	50,402,764	38%
3026	Devolution and Public Service Administration	120,340,000	18,585,885	15,163,728	82%
	TOTAL	3,928,025,247	3,801,193,931	2,973,950,813	78%

Source: County Treasury

Table 10: Departmental Percentage Total Expenditure FY 2017/2018

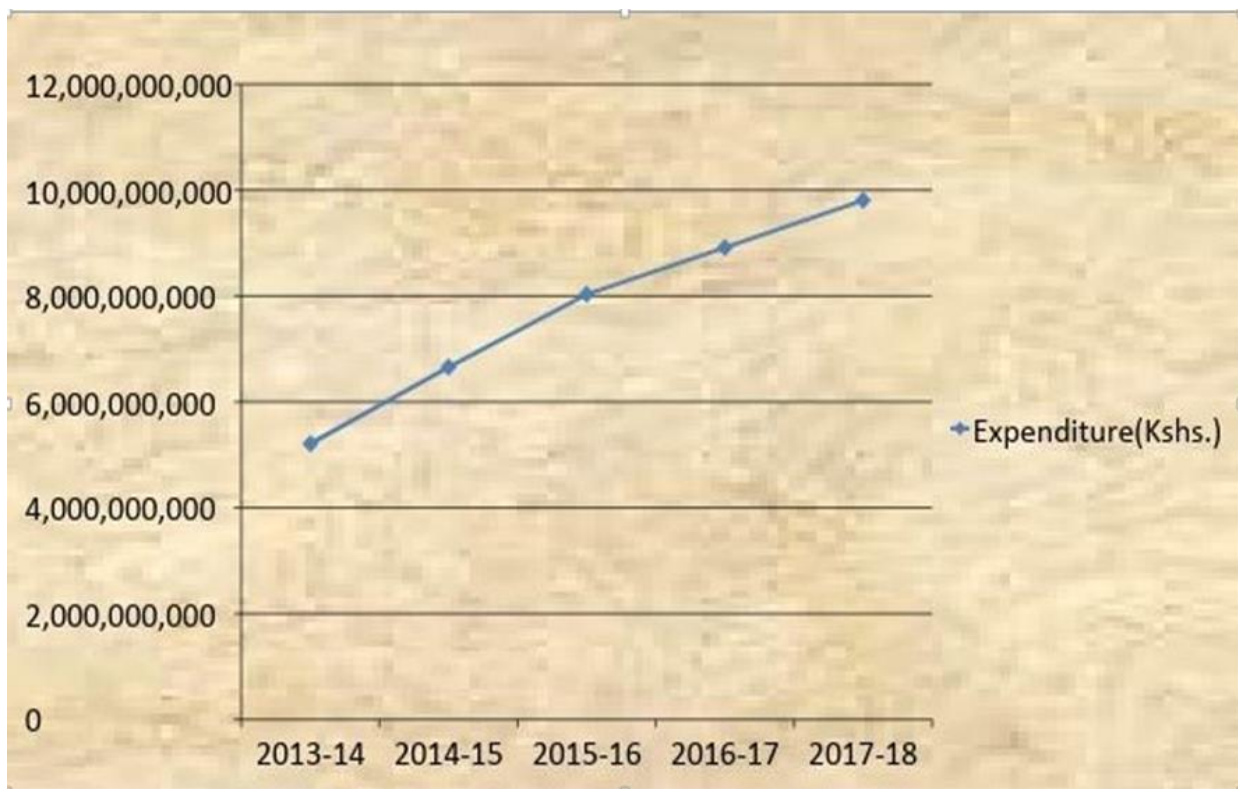
	DEPARTMENTS	Approved Budget FY 2017/2018	Supplementary Budget FY 2017/2018	Total Expenditure	%age
3011	County Executive	483,535,996	518,900,030	403,079,824	78%
3012	County Assembly	716,768,285	667,637,636	525,366,107	79%
3013	Public Service Board	157,045,697	98,429,180	83,242,754	85%
3014	Finance & Economic Planning	1,820,030,625	2,412,943,332	2,325,457,628	96%
3015	Energy, Environment & Waste Management	524,445,501	700,098,904	519,829,766	74%
3016	Education, Information Technology & MV 2035	1,171,224,242	617,606,799	504,202,575	82%
3017	Health Services	3,052,031,766	2,786,516,806	2,934,746,706	105%
3018	Water, Sanitation & Natural Resources	491,079,394	136,458,554	97,778,340	72%
3019	Youth, Gender , Sports and Cultural Affairs	554,005,010	473,745,511	343,361,726	72%
3020	Trade, Tourism & Investment	576,487,986	288,386,276	228,325,019	79%
3021	Lands, Housing and Physical Planning	658,483,108	369,294,399	288,490,712	78%
3022	Transport & Infrastructure	1,192,013,521	2,286,035,995	1,933,585,102	85%
3023	Agriculture, Fisheries, Livestock and Co-operatives	359,330,688	298,162,255	187,789,630	63%
3026	Devolution and Public Service Administration	780,966,564	859,585,024	748,542,848	87%
	TOTAL	12,537,448,384	12,513,800,701	11,123,798,738	89%

Source: County Treasury

Table 11: Growth of Executive Expenditure from 2013/14~2017/18

DEPARTMENTS	2013/2014	2014/15	2015/16	2016/17	2017/18
County Executive	5,209,822,896	929,699,966	775,487,598	289,680,017	403,079,824
Public Service Board		55,377,190	42,201,643	47,783,171	83,242,754
Finance & Economic Planning		1,819,878,254	1,777,993,324	2,276,991,615	2,325,457,628
Environment, Waste Management and Energy		63,501,521	111,733,374	70,677,866	519,829,766
Education, Information Technology & MV 2035		307,844,255	457,102,717	1,033,070,417	504,202,575
Health Services		1,396,970,317	2,285,276,810	2,532,325,353	2,934,746,706
Water, Sanitation & Natural Resources		612,064,144	492,269,532	73,447,595	97,778,340
Youth, Gender , Sports and Cultural Affairs		138,261,355	189,016,828	369,715,814	343,361,726
Trade, Tourism & Investment		330,004,554	289,892,019	186,241,760	228,325,019
Lands, Housing and Physical Planning		144,036,335	323,902,738	185,971,683	288,490,712
Transport & Infrastructure		701,982,041	1,175,521,171	1,731,846,854	1,933,585,102
Agriculture, Fisheries, Livestock and Co-operatives		158,579,193	110,007,203	116,645,971	187,789,630
Devolution & Public Service Administration					748,542,848
TOTAL	5,209,822,896	6,658,199,125	8,030,404,957	8,914,398,116	10,598,432,630
Percentage Increase from Year 2013/14		28%	54%	71%	89%

Figure 4: Growth of Expenditure from 2013/14-2017/18



2.6: Sustaining Inclusive Growth

100. The County will continue mobilizing significant resources and providing an appropriate environment for businesses to thrive, sustaining inclusive growth by continually building transparent, responsive, accountable, efficient and effective government structures.
101. In addition, the County Government will continue providing leadership and coordination in county development planning, policy formulation and management, designing effective, efficient and secure systems of collecting revenue, to prudently mobilize and manage resources while ensuring compliance with policies, standards, procedures and applicable financial and procurement laws and regulations. These will be complimented by measures to address socio-economic inequities and improving the county's human capital.
102. To ensure planned and sustainable growth the County Government will continue to synergize its efforts in implementing the socio-economic priority programmes as articulated in the County's Integrated Development Plan 2018-2022 and all other relevant policy documents.

2.7: Risks to the Outlook

103. The risk to the outlook for Mombasa County 2019/2020 budget and medium-term emanate from both external and domestic quotas. The economy remains vulnerable to both domestic and external shocks. For prudent management of risks, the PFM Act, 2012 requires the preparation of a "Statement of Fiscal Risks".
104. The "Statement of Specific Fiscal Risks" outlines County's exposure to fiscal risks that are associated with macroeconomic assumptions used for fiscal projections, public debt dynamics, operations of state corporations, contingent liabilities, vulnerabilities of the financial sector, as well as risks posed by nature.
105. The Government remains committed to fiscal consolidation in order to ensure the long-term sustainability of public finances. Nevertheless, the Government will monitor the risks and take appropriate measures to safeguard macroeconomic and microeconomic stability.
106. In the medium term, due to unrealized revenues, the ever increasing pending bills and a high wage bill, continues to pose a threat of a budget deficit. Systems, controls and structures are being put in place to improve local revenue performance. Prudence in recurrent expenditure will be highly embraced so as to increase the revenue bases and the fiscal position in the medium term.

2.8: Response to Overview of the County's Performance for FY 2019/2020

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

107. **Enforcement of the Finance Acts and Regulations:** The County Government will ensure that fees and charges are collected according to the Finance Act 2018.
108. **New Sources of Revenue:** So as to increase the revenue base the County shall identify unexploited revenue streams as mandate in the Public Finance management Act.
109. **Upgrading of the automated revenue collection system:** The County will continuously upgrade the revenue collection systems so as to be at par with the current environment dynamics.
110. **Establishment of a County revenue authority:** The authority will be mandated to ensure that there prudent management of the County revenue.
111. **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.
112. **Regular monitoring of revenue** collection points to enhance accountability and seal corruption loopholes.

CHAPTER THREE

3.0: FISCAL POLICY AND BUDGET FRAMEWORK

3.1: Overview

113. The Mombasa County 2019 Medium-Term Fiscal Framework aims at supporting rapid and inclusive economic growth, reducing vulnerabilities, operating a balanced budget, ensuring effective delivery of services and supporting sustainable economic growth in the County. This policy underscores the need to shift more public resources from Recurrent Expenditure to Capital Expenditure in order to enhance economic growth. Precisely, the 2019/20 Fiscal Strategy Paper highlights the following:

- The county will continuously look into ways of enhancing local revenue collection and achieving greater efficiency in terms of cost savings in recurrent expenditure to ensure priority is given to the development projects.
- 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.

3.1.1: Fiscal Policy Framework

114. Fiscal policy will support the County development economic activities while providing platform for the implementation of the CIDP and all other policy documents 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 2019/20 by encouraging more private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.

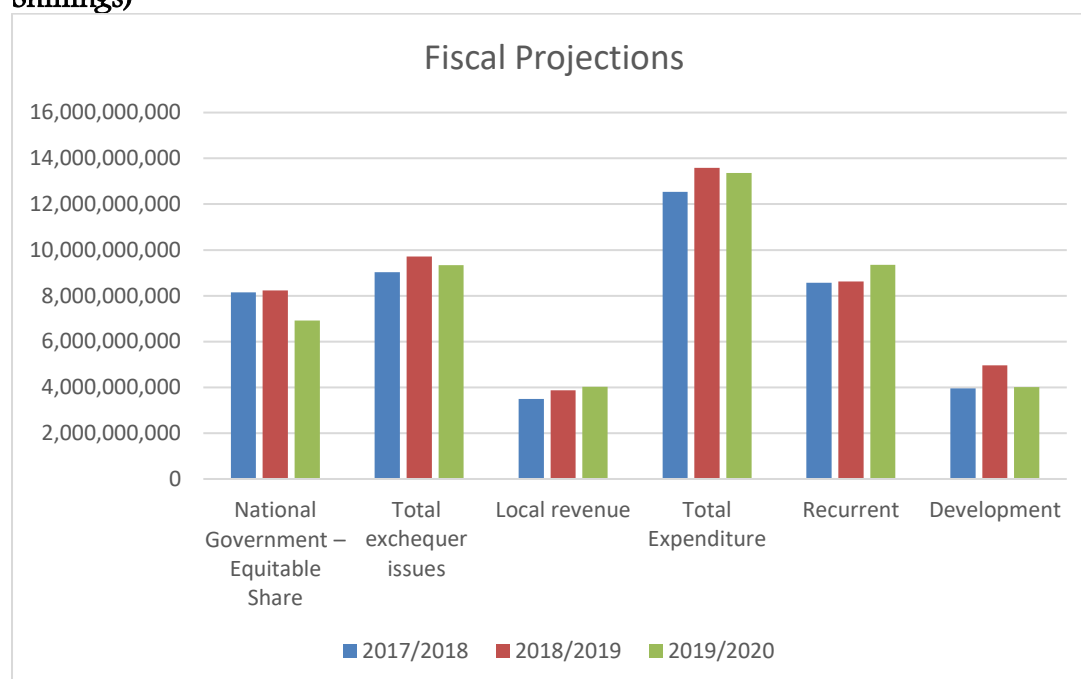
115. The county will continue reorienting expenditure towards those priority programmes as identified in public consultative forums. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development. The expected share of development funds of the total expenditure will be 30%. Recurrent expenditure takes huge chunk of the budget; this is largely attributed to the county wage bill totaling Ksh. 5,307,517,632 which is 40% of the total budget.

Table 12: County Government Fiscal Projections 2017/18- 2019/20

Item	2017/2018	2018/2019	2019/2020
Revenue/Grants			
National Government – Equitable Share	8,154,000,000	8,226,800,000	6,913,000,000
Conditional allocation – Level 5 Hospital	388,439,306	388,439,306	388,439,306
Transforming Health Systems for Universal Care Project (World Bank-IDA)	-	50,000,000	-
Leasing of medical equipment	95,744,681	-	131,914,894
DANIDA – Health care support services	-	31,591,582	-
Conditional Grant-compensation For User Fees Forgone	23,385,934	23,385,934	23,385,934
Conditional Grant-Road Maintenance Fuel Levy	221,466,275	216,604,479	200,344,594
Conditional Grant-Other Loans and Grants	57,616,806	-	1,658,859,269
Kenya Devolution Support Program	49,809,062	103,142,787	-
Agriculture Sector Development Support Program II	13,400,000	30,697,405	-
Conditional Allocation for development of Youth Polytechnics	30,586,320	39,895,000	25,473,298
World Bank Development Project - WSDP	-	600,000,000	
Total exchequer issues	9,034,448,384	9,714,556,493	9,341,417,295
Local revenue	3,500,000,000	3,877,215,398	4,025,200,072
Expenditure	12,534,448,384	13,591,771,891	13,366,617,367
Recurrent	8,571,878,715	8,626,124,854	9,356,632,157
Development	3,962,569,669	4,965,647,037	4,009,985,210

Source: County Treasury

Figure 5: County Government Fiscal projections 2017/18- 2019/20 (In Millions of Shillings)



Source: County Treasury

3.1.2: Fiscal Responsibility Principles

116. The County Government recognizes that the fiscal stance it takes today will have implications into the future. The principle of sharing the burdens and benefits of resources between the present and future generation implies that we have to make prudent policy decisions today so that we can build a strong foundation for our future generations. The County Government will ensure strict adherence to Section 107 of the Public Finance Management (PFM) Act of 2012 which outlines the fiscal responsibility principles.

117. In compliance with Fiscal responsibility principles, the County Government will progressively provide for a minimum basic standard of economic and social rights to its citizens within available resources.

118. To ensure economic sustainability, increase in government spending will be matched with a corresponding increase in tax revenue yield through efficient collection, widening of revenue bases, and reasonable fees and charges. It is therefore imperative to reform and modernize the fees and charges to ensure stability of revenue effort, while at the same time continuing to restructure expenditure systems to ensure efficiency and create fiscal space required to fund the priority expenditures on sustainable basis.

3.1.3: Fiscal Structural Reforms

119. Underpinning the fiscal program are measures to increase the proportion of local revenue with the objective of fully financing the County's budget in the long term.
120. For effective and efficient management of financial resources, the County will continue to eliminate leakages and enhance revenue collection as well as rationalize expenditure. This will be achieved through continued measures to simplify licenses and fees levies, improve compliance and automation of revenue collection system in order to eliminate leakages and to widen revenue base.
121. 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.
122. The County Government will institute measures to contain the bloated wage bill so as to divert resources for development initiatives. These would include payroll cleansing and staff rationalization.
123. The County Government will also enhance capacity of the County Government staff so as to encourage proper and transparent use of resources and enhance service delivery.

3.2: Mombasa County 2018/2019 Budget Framework

124. Prioritization of resource allocation is based on the ADP 2017 which spells out programmes to achieve County priorities identified during the County-wide budget consultative meetings. The County Government will promote budget transparency, accountability and effective financial management of resources based on clearly set priorities to ensure that budgets are directly linked to plans.

3.2.1: Revenue Projections

125. The Mombasa County 2018/2019 financial year budget targets total revenue amounting to 13.5 billion; Total exchequer issues of Ksh 9.7 billion; including equitable share of Ksh 8.2 billion, Conditional grants Ksh 1.5 billion and county own source revenue of Ksh 3.8 billion. This performance will be underpinned by the on-going reforms in revenue administration. The revenue department will institute measures to expand the revenue base and curb revenue leakages.

3.2.2: Expenditure Forecasts

126. The County Government's expenditure for the FY 2018/19 will be guided by the Annual Development Plan (2017) which outlines the proposed projects that will be implemented in the FY 2018/2019 in the realization of the CIDP 2018-2022. The total government expenditure is projected to be Ksh.13.5 Billion.

3.2.3: Recurrent Expenditure

127. In the 2018/19 financial year the total recurrent expenditure is estimated to be Ksh. 8.6 Billion Compared to FY 2018/19 at Ksh. 8.5 Billion. This is attributed to an increase in personnel emoluments and an increase in operations and maintenance cost which is key for enhanced public service delivery. The recurrent expenditure ceilings for County departments are determined by the funding allocation for goods and services in the previous year budget as the baseline.

3.2.4: Development Expenditure

128. The County Government endeavors to allocate adequate resources towards development outlays to spur and implement priority programs/projects as outlined in this strategy paper. The County development expenditure for financial year 2018/19 is projected at Ksh 4.9 Billion.

3.2.5: Fiscal Balance

129. The county government will adopt a balanced budget for FY 2018/19. Any forthcoming deficit the county government will take prudent measures to reduce appropriations or increase revenues with minimal effects on public service delivery.

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

3.2.6: Summary

131. The County fiscal policy 2019, aims at increasing own source revenue as well as prudently managing expenditures. The created fiscal space will avail resources to scale up investments in the county's priority areas of Water, Food Security, Health, waste management, Gender empowerment, Youth and Sports development, Education, infrastructure, Lands and housing services as captured in the CFSP 2019.

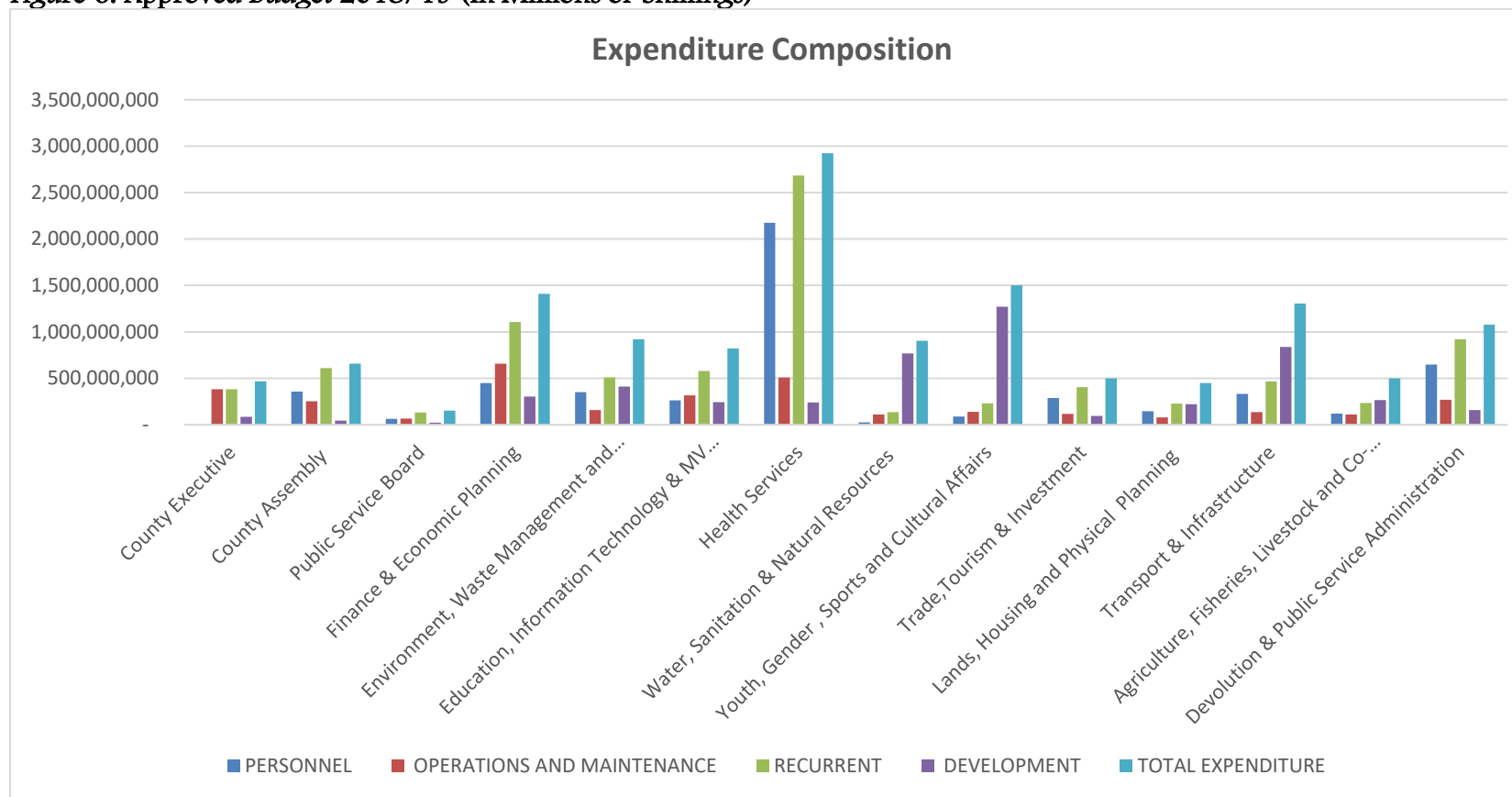
Table 13, below shows the spending composition Per Department resulting from the FY 2018/2019 Budget,

Table 13: Approved Budget 2018/19

BUDGET 2018/2019							
	CONSOLIDATED REVENUE	PERSONNEL	OPERATIONS AND	RECURRENT	DEVELOPMENT	TOTAL EXPENDITURE	%
County Executive		-	382,877,200	382,877,200	84,424,673	467,301,873	3.4
County Assembly		357,665,869	253,320,409	610,986,278	45,773,748	656,760,026	4.8
Public Service Board		64,047,457	67,702,073	131,749,530	21,637,280	153,386,810	1.1
Finance & Economic Planning	13,591,771,891	449,367,412	658,154,568	1,107,521,980	302,447,782	1,409,969,762	10.4
Environment, Waste Management and Energy		351,316,685	158,891,909	510,208,594	410,372,081	920,580,675	6.8
Education, Information Technology & MV 2035		262,795,134	315,712,162	578,507,296	244,499,756	823,007,052	6.1
Health Services		2,173,454,745	509,932,834	2,683,387,579	240,255,554	2,923,643,133	21.5
Water, Sanitation & Natural Resources		26,572,052	111,063,942	137,635,994	767,050,100	904,686,094	6.7
Youth, Gender , Sports and Cultural Affairs		90,123,704	140,173,875	230,297,579	1,269,841,602	1,500,139,181	11.0
Trade,Tourism & Investment		287,195,733	118,261,176	405,456,909	95,631,669	501,088,578	3.7
Lands, Housing and Physical Planning		147,093,916	79,310,928	226,404,844	221,201,888	447,606,732	3.3
Transport & Infrastructure		331,148,989	137,444,297	468,593,286	837,855,896	1,306,449,182	9.6
Agriculture, Fisheries, Livestock and Co-operatives		121,773,632	110,929,757	232,703,389	266,591,948	499,295,337	3.7
Devolution & Public Service Administration		649,444,460	270,349,936	919,794,396	158,063,060	1,077,857,456	7.9
TOTAL		5,311,999,788	3,314,125,066	8,626,124,854	4,965,647,037	13,591,771,891	100.0
SURPLUS / (DEFICIT)	0						
Expenditure							
Personnel	5,311,999,788						
Operations Repair and Maintenance	3,314,125,066						
Total Recurrent	8,626,124,854						
Development	4,965,647,037						
Capital Expenditure	4,965,647,037						
Total Expenditure	13,591,771,891						

Source: County Treasury

Figure 6: Approved Budget 2018/19 (In Millions of Shillings)



Source: County Treasury

CHAPTER FOUR

4.0: MEDIUM TERM EXPENDITURE FRAMEWORK 2019/20~2021/22

4.1: Resource Envelope

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

133. The Mombasa County 2019/2020 financial year budget targets total revenue amounting to 13.3 billion; Total exchequer issues of Ksh 9.3 billion; including equitable share of Ksh 6.9 billion, Conditional grants Ksh 2.4 billion and county own source revenue of Ksh 4.0 billion. Locally mobilized revenue will finance about 30 percent of the budget in FY 2019/20.

4.1.1: Spending Priorities

134. The County Government's expenditure for the FY 2019/20 will be guided by the Annual Development Plan (2018) which outlines the proposed projects that will be implemented in the FY 2019/2020 in the realization of the CIDP 2018-2022. The total government expenditure is projected to be Ksh.13.3 Billion.

4.1.2: The Fiscal Strategy FY 2019/20 & the Economic Objectives of the County Government

135. This outlines County Government's spending plans and the manner in which this expenditure will be funded in the FY 2019/2020. The fiscal strategy of the Government is guided by contemporary events which have impacted on the economy, the ADP 2018 and the realities of the FY 2018/2019 actual revenue collections and expenditures. In this view, the 2019/2020 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 bloated wage bill;
- Boosting revenue receipts, identifying and plugging revenue leakages through automation.

Table 14: Projected FY 2019/2020 Revenues and Expenditure

REVENUE/EXPENDITURE	AMOUNT (KSH.)
Revenues	
National Government Exchequer Issues	9,341,417,295
County Local Sources	4,025,200,072
Total Revenue	13,366,617,367
Expenditures	
Personnel	5,307,517,632
Operations Repair and Maintenance	4,049,114,525
Capital Expenditure	4,009,985,210
Total Expenditure	13,366,617,367
Surplus/ (Deficit)	0

Source: County Treasury

Table 15: FY 2019/20 DEPARTMENTAL CEILINGS

DEPARTMENTS	CONSOLIDATED REVENUE	PERSONNEL	OPERATIONS MAINTENANCE	AND RECURRENT	DEVELOPMENT	TOTAL EXPENDITURE	PERCENTAGE
County Executive		0	363,392,288	363,392,288	34,424,673	397,816,961	3.0
County Assembly		329,368,374	328,685,635	658,054,009	25,773,748	683,827,757	5.1
Public Service Board		50,967,274	80,410,615	131,377,889	11,637,280	143,015,169	1.1
Finance & Economic Planning	13,366,617,367	550,272,172	489,558,687	1,039,830,859	600,537,693	1,640,368,552	12.3
Environment , Solid Waste Management and Energy		331,856,186	240,650,963	572,507,149	508,372,081	1,080,879,230	8.1
Education, Information Technology & MV 2035		258,344,299	362,814,046	621,158,345	250,329,356	871,487,701	6.5
Health Services		2,283,380,832	667,010,272	2,950,391,104	251,641,776	3,202,032,880	24.0
Water, Sanitation & Natural Resources		22,369,213	121,492,220	143,861,433	289,869,334	433,730,767	3.2
Youth, Gender , Sports and Cultural Affairs		96,827,415	213,551,627	310,379,042	435,595,266	745,974,308	5.6
Trade, Tourism & Investment		285,811,605	223,063,580	508,875,185	181,056,936	689,932,121	5.2
Lands, Housing and Physical Planning		119,934,480	146,841,952	266,776,432	251,329,963	518,106,395	3.9
Transport, Infrastructure & Public Works		304,773,459	203,775,279	508,548,738	807,855,896	1,316,404,634	9.8
Agriculture, Fisheries, Livestock and Co-operatives		117,820,891	127,503,382	245,324,273	241,015,626	486,339,899	3.6
Devolution & Public Service Administration		555,791,432	480,363,979	1,036,155,411	120,545,582	1,156,700,993	8.7
TOTAL		5,307,517,632	4,049,114,525	9,356,632,157	4,009,985,210	13,366,617,367	100.00
SURPLUS / (DEFICIT)	0						
REVENUE SOURCES							
Local Revenue	4,025,200,072						
Exchequer Issues	9,341,417,295						
TOTAL REVENUE	13,366,617,367						

4.1.3: Baseline ceilings

136. 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 .
137. Development expenditures are shared out on the basis of the County Annual Development Plan 2018, priorities as outlined in the CFSP as well as other strategic interventions geared towards sustainable economic growth. The following guidelines are used:
138. **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.
139. **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

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

Table 16: Priority Areas of Consideration for Additional Resources

	Priority Areas of Consideration for Additional Resources
1.	Intervention identified during the county stakeholders consultation for 2019/20 MTEF.
2.	Strategic interventions with emphasis in investing in quality and accessible health care services and quality basic and vocational education, Youth, gender and sports empowerment, road infrastructure (especially access roads), provision of clean and safe water ,food security, waste management, improvement in land and housing services, as well as policy interventions covering the entire county to enhance social equity.
3.	Specific consideration to job creation for the youth based on sound initiatives identified within and outside the normal budget preparation as well as disability and gender mainstreaming.
4.	Completion of ongoing programs and projects.

Table 17: Summary of Recurrent Expenditure Medium Term Costs and Ceiling 2017/18 - 2021/22

DEPARTMENTS	Actual 2017/2018	Budget 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022
RECURRENT	A	B	C	D= C*0.25	E= D*0.25
County Executive	378,301,305	382,877,200	363,392,288	413,477,095	423,814,023
County Assembly	525,366,107	610,986,278	658,054,009	674,505,359	691,367,993
Public Service Board	81,523,719	131,749,530	131,377,889	165,412,336	169,547,645
Finance & Economic Planning	1,527,872,242	1,107,521,980	1,039,830,859	1,209,326,630	1,239,559,796
Environment, Solid Waste Management and Energy	466,677,689	510,208,594	572,507,149	627,819,828	643,515,323
Education, Information Technology & MV 2035	449,027,745	578,507,296	621,158,345	677,687,304	694,629,486
Health Services	2,815,041,851	2,683,387,579	2,950,391,104	3,085,650,882	3,162,792,154
Water, Sanitation & Natural Resources	69,976,388	137,635,994	143,861,433	214,082,969	219,435,043
Youth, Gender , Sports and Cultural Affairs	149,315,697	230,297,579	310,379,042	379,638,518	389,129,481
Trade, Tourism & Investment	225,143,300	405,456,909	508,875,185	593,347,065	608,180,741
Lands, Housing and Physical Planning	128,732,927	226,404,844	266,776,432	273,445,843	280,281,989
Transport , Infrastructure & Public Works	462,102,968	468,593,286	508,548,738	644,262,456	660,369,018
Agriculture, Fisheries, Livestock and Co-operatives	137,386,866	232,703,389	245,324,273	290,003,479	297,253,566
Devolution & Public Service Administration	733,379,120	919,794,396	1,036,155,411	1,185,059,296	1,214,685,779
TOTAL	8,149,847,924	8,626,124,854	9,356,632,157	10,433,719,060	10,694,562,036

Source: County Treasury

Table 18: Summary of Development Expenditure Medium Term Costs and Ceiling 2017/18 - 2021/22

DEPARTMENTS	Actual 2017/2018	Budget 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022
DEVELOPMENT	A	B	C	D= C*0.25	E= D*0.25
County Executive	24,778,518	84,424,673	34,424,673	35,285,290	36,167,422
County Assembly	0	45,773,748	25,773,748	26,418,092	27,078,544
Public Service Board	1,719,035	21,637,280	11,637,280	11,928,212	12,226,417
Finance & Economic Planning	797,585,387	302,447,782	600,537,693	656,551,135	672,964,914
Environment, Solid Waste Management and Energy	53,152,076	410,372,081	508,372,081	582,581,383	597,145,918
Education, Information Technology & MV 2035	55,174,830	244,499,756	250,329,356	307,837,590	315,533,530
Health Services	119,704,855	240,255,554	251,641,776	309,182,820	316,912,391
Water, Sanitation & Natural Resources	27,801,952	767,050,100	289,869,334	316,956,347	324,880,255
Youth, Gender , Sports and Cultural Affairs	194,046,029	1,269,841,602	435,595,266	497,735,148	510,178,526
Trade, Tourism & Investment	3,181,719	95,631,669	181,056,936	185,583,359	190,222,943
Lands, Housing and Physical Planning	159,757,785	221,201,888	251,329,963	308,863,212	316,584,792
Transport , Infrastructure & Public Works	1,471,482,134	837,855,896	807,855,896	895,702,293	918,094,851
Agriculture, Fisheries, Livestock and Co-operatives	50,402,764	266,591,948	241,015,626	277,791,017	284,735,792
Devolution & Public Service Administration	15,163,728	158,063,060	120,545,582	154,309,222	158,166,952
TOTAL	2,973,950,813	4,965,647,037	4,009,985,210	4,566,725,120	4,680,893,247

Source: County Treasury

Table 19: Summary of Total Expenditure Medium Term Costs and Ceiling 2017/18 - 2021/22

DEPARTMENTS	Actual 2017/2018	Budget 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022
TOTAL	A	B	C	D= C*0.25	E= D*0.25
County Executive	403,079,824	467,301,873	397,816,961	448,762,385	459,981,445
County Assembly	525,366,107	656,760,026	683,827,757	700,923,451	718,446,537
Public Service Board	83,242,754	153,386,810	143,015,169	177,340,548	181,774,062
Finance & Economic Planning	2,325,457,628	1,409,969,762	1,640,368,552	1,865,877,766	1,912,524,710
Environment, Solid Waste Management and Energy	519,829,766	920,580,675	1,080,879,230	1,210,401,211	1,240,661,241
Education, Information Technology & MV 2035	504,202,575	823,007,052	871,487,701	985,524,894	1,010,163,016
Health Services	2,934,746,706	2,923,643,133	3,202,032,880	3,394,833,702	3,479,704,545
Water, Sanitation & Natural Resources	97,778,340	904,686,094	433,730,767	531,039,315	544,315,298
Youth, Gender , Sports and Cultural Affairs	343,361,726	1,500,139,181	745,974,308	877,373,666	899,308,007
Trade, Tourism & Investment	228,325,019	501,088,578	689,932,121	778,930,424	798,403,685
Lands, Housing and Physical Planning	288,490,712	447,606,732	518,106,395	582,309,055	596,866,781
Transport , Infrastructure & Public Works	1,933,585,102	1,306,449,182	1,316,404,634	1,539,964,750	1,578,463,869
Agriculture, Fisheries, Livestock and Co-operatives	187,789,630	499,295,337	486,339,899	567,794,495	581,989,358
Devolution & Public Service Administration	748,542,848	1,077,857,456	1,156,700,993	1,339,368,518	1,372,852,731
TOTAL	11,123,798,738	13,591,771,891	13,366,617,367	15,000,444,179	15,375,455,284

Source: County Treasury

4.2: Details of Departmental Priorities

141. The medium term expenditure framework for 2019/20 – 2021/2022 ensures continuity in resource allocation is based on prioritized programmes aligned to the ADP 2018 and strategic policy initiatives of the county government to accelerate growth, employment creation and poverty reduction. The recent achievements and key priority targets for each sector are based on the various Departmental reports.

4.2.1: County Assembly

142. The functions of the County Assembly include enacting county laws and oversees all the affairs of the county including receiving and approving the development plans and policies of the county. It also oversees the development and management of the county infrastructure and institutions; and is responsible for approval of the county budgets and expenditures. Due to the crucial role of this sub-sector, it has been allocated Ksh 683,827,757 in FY 2019/2020. The County Assembly budget consists of 5.1 % of the total county budget.

4.2.2: County Executive

143. Under Article 179 (3) (b), of the Constitution, provides for the number of Executive Committee members in the County Government. Each respective County Executive Committee Member provides policy direction in their respective departments. The Executive Committee Member is therefore responsible for: Implementing county legislation; Implementing within the county, national legislation to the extent that the legislation so requires; Managing and coordinating the functions of the county administration and its departments; and performing any other functions conferred to it by the Constitution or national legislation; Preparing legislation for consideration by the County Assembly; Providing regular reports to the County Assembly for deliberation and decision-making; and Preparing County budgets and plans. The operations under this sub-sector consists of the Governor, Deputy Governor's office, the County Secretary, communication unit, cabinet affairs and the County Attorney's office.
144. This sub-sector requires considerable funding to oversee the implementation of the Kenyan Constitution, Vision 2030, and the County's Vision 2035, CIDP, the CFSP through provision of leadership and policies in governing of the county. It has the task of supervising the County Government department.
145. The department has been allocated Ksh. 397,816,961 in the FY 2019/2020. The budget consists of 3% of the total county budget.

4.2.3: Public Service Board

146. The County Public Service Board is established under an Act of Parliament as provided for under Article 235(1) of the Constitution of Kenya, 2010. The Article provides for a County Public Service Board in each county with control over the County Public Service. It also ensures that the county has adequate and competent personnel. The department has been allocated Ksh. 143,015,169 in the FY 2018/2019. The budget consists of 1.1% of the total county budget.

4.2.4: Department of Finance & Economic Planning

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

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

149. Due to the crucial role of the department, it has been allocated Ksh 1,640,368,552 in the FY 2019/2020. The budget consists of 12.3% 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 Trade, Tourism & Investment

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

151. The department has been allocated Ksh 689,932,121 in the FY 2019/2020. The budget consists of 5.2% of the total county budget.

4.2.6: Department of Education, Information Technology & MV 2035

152. In the financial year 2019/20 and over the medium term the department intends to carry out the following programmes; To provide quality and accessible basic education through renovation and equipping of ECD centers, recruitment of ECD teachers and care givers as well as strengthening the capacity of the city Polytechnics and vocational institutions. This Department also hosts the Information, Communication and Technology function which is a very key component towards the realization of the County's priority and improved service delivery.
153. The department will also continue carrying out the following programmes: completion of the ongoing ECD Centers, School Feeding Program and milk fortification, vocation and technical training, establishment and equipping of the Maktaba Centers and Operationalizing the Elimu Development Corporation and Elimu Fund to source funds for Education.
154. Due to the crucial role of the department, it has been allocated Ksh 871,487,701 in FY 2019/2020. The budget consists of 6.5 % of the total county budget.

4.2.7: Department of Health Services

155. The department is committed to improving access to quality health services in the county through promotion and provision of integrated and high quality curative, preventive and rehabilitative services that are equitable, responsive, accessible and universal health care for all.
156. 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.
157. Due to the crucial role of the department, it has been allocated Ksh 3,202,032,880 in FY 2019/2020. The budget consists of 24% of the total county budget.

4.2.8: Department of Water, Sanitation & Natural Resources

158. The Department of Water and Natural Resources have the following priority programmes: Management and conservation of natural resources; resource recovery; Provision of technical assistance and improvement of staff capacity to implement devolved functions; Promoting the integration of climate change adaptation and mitigation measures in county's projects/activities; Increase water supply and sewerage coverage; Reduce non-revenue water to acceptable global levels;

Rehabilitate/Expand the existing dilapidated water/sanitation systems; and Improve management of water and sanitation services.

159. In the financial year 2019/2020 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.

160. Due to the crucial role of the department, it has been allocated Ksh 433,730,767 in FY 2019/2020. The budget consists of 3.2% of the total county budget.

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

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

162. In the 2019/20, The Department will continue: To empower the youth with livelihood skills; To harness the full potential of our cultural heritage; To promote sports development in the county; To support women and persons living with disability with start-up kits and Provide and maintain public entertainment and recreational facilities.

163. Due to the crucial role of the department, it has been allocated Ksh 745,974,308 in FY 2019/2020. The budget consists of 5.6% of the total county budget.

4.2.10: Department of Environment, Waste Management and Energy

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

165. Due to the crucial role of the department, it has been allocated Ksh 1,080,897,230 in FY 2019/2020. The budget consists of 8.1% of the total county budget.

4.2.11: Department of Lands, Housing and Physical Planning

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

167. In the financial year 2019/2020 and over the medium term, the objectives of the department are; to continue ensuring proper management of land use and ownership, optimal use of land for development, promoting the provision of adequate and affordable housing. The proposed priority programmes to be undertaken to achieve these objectives include; Promoting sustainable use of land and its resources through land use planning and provision of secure land tenure and management.
168. 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.
169. Due to the vital role the department plays, in the FY 2019/2020 budget, it has been allocated Ksh. 518,106,395. This constitutes 3.9 % of the total budget.

4.2.12: Department of Transport, Infrastructure & Public Works

170. The Department of Transport and Infrastructure will continue to focus on road infrastructure improvement through maintaining the already existing road networks and also opening up new access roads so as to restore confidence of residents and making the cost of doing business favorable. Transport infrastructure development will also help revamp the tourism sector and foster social integration in the County.
171. The County is embarking on expanding on the following priority programmes: Construction of missing links on major roads in order to make transport affordable and faster for economic efficiency; construction of access roads; construction and maintenance of storm water drains; construction and maintenance of street lights which is geared towards promoting a vibrant 24 hour economy; and to enhance security within the County and construction and maintenance of public buildings.
172. Due to the vital role of the department, it has been allocated Ksh 1,316,404,634 in FY 2019/2020. The budget consists of 9.8% of the total county budget.

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

173. The overall objective of the Department is continued improvement of livelihoods of the people of Mombasa County through promotion of competitive and sustainable agriculture, livestock, and fisheries enterprises for development, cooperative development and cooperative marketing and value addition.
174. In the financial year 2019/2020 and over the medium term, the department will continue undertaking the following; provision of efficient and effective agricultural, livestock and fisheries services in Mombasa County; improving food security and;

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

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

176.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.

177.The department has been allocated Ksh 486,339,899 in FY 2019/2020. The budget consists of 3.6% of the total county budget.

4.2.14: Department of Devolution & Public Service Administration

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

179.To enhance coordination of Government programs for efficient and effective service delivery and enhance teamwork within the Government departments, the Department has been allocated Ksh 1,156,700,993 in FY 2019/2020. The budget consists of 8.7% of the total county budget.

DETAILED REVENUE ANALYSIS

Annex 1: TOTAL EXCHEQUER ISSUES 2017-18

FINANCE AND ECONOMIC PLANNING	ANNUAL BUDGETED	GRAND TOTALS.
Equitable Share	8,154,000,000	8,154,000,000
FINANCE AND ECONOMIC PLANNING-National Government Equitable Share	8,154,000,000	8,154,000,000
Level5 Hospital Grant	388,439,306	388,439,306
user fees forgone	23,385,934	23,514,312
DANIDA	23,261,504	23,261,504
COUNTY HEALTH	435,086,744	435,215,122
World Bank-KDSP Level 1	49,809,062	49,809,062
World Bank-THUSCP	34,355,302	10,736,032
	84,164,364	60,545,094
Road maintenance levy Grant	221,465,275	182,073,057
TRANSPORT ROAD AND INFRASTRUTURE	221,465,275	182,073,057
Development of Youth Polytechnics	30,586,320	30,586,320
	30,586,320	30,586,320
NATIONAL GOVERNMENT DISBURSEMENTS	8,925,302,703	8,862,419,593
TOTAL REVENUE	12,534,448,384	11,998,150,072

Annex 2: TOTAL LOCAL REVENUE COLLECTED 17-18

REVENUE	ANNUAL BUDGETED	GRAND TOTALS.
	AMOUNT	
		KSHS.
COUNTY PLANNING, LAND AND HOUSING		
Land Rates Current Year	343,040,877	17,784,632
Land Rates Penalties	106,017,318	27,843,272
Land Rates Other Years	88,081,444	686,614,282
Other Property Charges	2,022,608	16,904
Ground Rent - Current Year	3,651,086	157,162
Ground Rent - Other Years	904,907	614,451
Administration Cost	10,285,078	0
Other Property Income	554,003,318	733,030,703
	0	0
COUNTY ASSEMBLY	0	0
County Plants & Equipment Hire	81,946	3,000
	0	0
COUNTY EXECUTIVE	0	0
Document Search Fee	1,093,442	184,300
Sales of County's Minutes / Bylaws	14,459	2,000
	0	0
Valuation & Survey Fees	3,033,911	450,000
Document Search Fee	0	4,500

REVENUE	ANNUAL BUDGETED	GRAND TOTALS.
Plot Transfer Fee	3,473,712	431,200
Provisional Assessment Fees	1,518,167	465,000
Consent to Sub-Lease	108,440	258,500
Technical Division	0	10,000
Beacon Search pointing Fee	1,011,304	125,000
Survey Fee	4,066,520	47,500
Subdivision & Consolidation Fees	6,105,818	3,119,500
Change of User	2,869,156	2,400,000
Temporary Occupation License (TOL)	3,018,262	62,000
Impounding charges	144,587	803,705
Dog Licenses	524,130	190,000
Storage Fee	3,515,280	162,000
Training/Learning Center Fee	1,897,710	0
Debts Clearance Certificate Fee	43,837,086	3,619,000
Refund of Over Payment	18,935,850	202,679
Consent to Charge Fee/Property certification Fee (Use as collateral)	571,120	206,800
Incidental Charges	2,905,022	0
Imprest	773,306	886,284
Other Property Charges	166,841,237	3,411,100
Sand, Gravel, and Ballast Extraction Fees	624,568,509	686,947,672
Incidental Charges	18,073	76,000
Tender Documents Sale	2,729,087	10,000
Hotel Levy	42,306,810	19,676,690
Stadium Hire	922,680	10,000
Stadium Entrance Fee	1,384,020	0
Social Hall Hire	2,787,240	934,000
Hire of County Grounds	888,363	89,000
Digging poles	8,606	0
Emptying cesspits Septic Soakage Pits	7,745	0
Sewer Connection Charge	6,024	0
Sewer Use Charge	258	0
County Vehicles Hire	104	0
Fire Inspection Fees	34,050,328	7,000
Hearse Services Fee	504,249	0
Fire-Fighting Services	1,498,287	5,646,200
Hoarding & Scaffolding Charges	2,175,136	9,600
Occupational Permits	11,504,908	0
Buildings Plan Preparation Fee	167,750,371	2,927,248
Buildings Plan Approval Fee	25,322,546	73,470,776
Buildings Inspection Fee	10,538,797	0
Demolition of Structures	2,218,694	381,000
Receipts from Administrative Fees and Charges	1,197,531,300	775,046,024
TRADE ENERGY AND INDUSTRY		
Business Permits, Current Year	250,178,797	497,537,563

REVENUE	ANNUAL BUDGETED	GRAND TOTALS.
Business Permits Late Payment Penalties, Current Year	8,379,693	1,000
Business Permits, Other Years (Including Penalties)	800,796	2,932,030
Business Subletting / Transfer Fee	1,258,279	158,000
Business Permits / Cesses	260,617,565	500,628,593
COUNTY PLANNING, LAND AND HOUSING		
Plot Transfer Fee	1,199,171	66,300
Document Search Fee	108,440	6,000
Allottees Documents	0	42,900
Instalment Fee (HDD Scheme)	3,412,353	157,669
Annual Ground Rent (HDD Scheme)	4,080,600	3,310,378
Plots Charges (HDD Scheme)	77,385,764	12,117,513
Survey Fee	1,355,507	0
Plot Rents	87,541,835	15,700,760
0302-02-05 Mackinnon Market		
Market Stalls Rent	15,767,774	3,291,480
0302-03-05 Makupa Market	0	0
Market Stalls Rent	7,763,346	1,486,184
0302-04-05 Mombasa Wholesale market	0	0
Market Entrance / Gate Fee	108,146,878	8,835,409
Market Stalls Rent(Rental store w/s mkt)	0	5,526,129
Off loading	7,384,077	1,846,941
Hawking Fee	105,383,506	17,987,038
0302-05-05 Magongo Market	0	0
Market Stalls Rent	7,322,218	1,246,590
0302-06-05 Likoni Open Air Market	0	0
Market Stalls Rent	2,680,111	117,200
0302-07-05 Port Tudor, Kongowea & Likoni Market	0	0
Market Stalls Rent	559,104	174,100
0302-08-05 Sega Market	0	0
Market Stalls Rent	7,435,064	1,593,319
0302-09-05 Chaani Open Air Market	0	0
Market Stalls Rent	9,012,355	669,000
0302-10-05 Mikindani Market	0	0
Market Stalls Rent	4,436,931	647,450
0302-11-05 Mwembe Tayari Market	0	0
Market Stalls Rent	7,027,277	1,453,315
0302-12-05 Kisauni Retail Stall Market	0	0
Market Stalls Rent	21,256,231	4,681,875
Market Stalls Rent	4,434,366	0
Sales of Market Establishments	308,609,238	49,556,030
TRANSPORT,ROADS AND INFRASTRUCTURE	0	0
Drainage Certificate Charges	3,583,744	24,200
Road Cutting Application Fees	5,701,380	318,050

REVENUE	ANNUAL BUDGETED	GRAND TOTALS.
Other Vehicles Enclosed Park Fees (Cars, lorries, etc)	3,855,855	2,417,025
Street Parking Fee	12,909,435	232,383,723
Towing Fee.	72,504	0
TLB Matatu Levy	473,978,397	171,487,077
Right-of-Way / Way-Leave Fee (KPLN, Telkom, etc)	10,317,278	65,277,620
Vehicle Parking Fees	510,418,593	471,907,695
COUNTY PLANNING, LAND AND HOUSING	0	0
Housing Estates Monthly Rent	167,620,942	68,379,535
Housing	167,620,942	68,379,535
WATER, ENVIRONMENT AND NATURAL RESOURCES	0	0
Decorations Adverts on Vehicle	29,893,562	34,100
Document Search Fee	0	3,500
Sign Boards & Advertisement Fee	204,046,496	101,811,421
Game and Nature Park Fees	0	0
Horticulture Consultation Fee	0	216,700
0703-06-05 Cemeteries	0	0
Cemeteries Charges	643,414	187,200
0703-14-05 Refuse Disposal (Nguu Tatu)	0	0
Garbage Dumping Fee	50,164,592	2,233,500
Refuse Collection Fee	6,931,158	322,500
Encroachment	14,639,475	0
Removal Fees (Adverts, barriers, poles etc)	0	0
Environment and Conservancy Administration	306,318,697	104,808,921
Hire of School Fields	108,440	10,000
Tuition Fees Public Nursery	1,011,305	0
Other Education Related Fees	1,119,745	10,000
COUNTY HEALTH	0	0
Medical Examination	233,849	0
Sundry Income	0	488,551
0702-07-05 Mainland Dispensaries	0	0
Cost Sharing Services	597,231	0
0702-09-05 Magongo Health Centre	0	0
Cost Sharing Services	56,350	0
0702-10-05 Mvita Clinic	0	0
Cost Sharing Services	66,231	0
0702-12-05 Old County Dispensary	0	0
Cost Sharing Services	25,253	0
0702-13-05 Kongowea Health Centre	0	0
Cost Sharing Services	16,357	124,021
Premises Inspection Fees	0	399,247,135
0702-14-05 Bamburi Health Sub-Centre	0	0
Cost Sharing Services	20,928	0
0702-15-05 Chaani Dispensary	0	0

REVENUE	ANNUAL BUDGETED	GRAND TOTALS.
Cost Sharing Services	11,418	0
0702-16-05 Mikindani Health Dispensary	0	0
Cost Sharing Services	85,860	0
0702-17-05 Ganjoni C.D. Centre	0	0
Cost Sharing Services	1,665,874	0
0702-19-05 Public Health Offices	0	0
Inoculation Fee	8,492,814	0
Medical Clearance Certificate Fees	1,185,343	0
0702-20-05 Public Health Inspectorate	0	0
Food Preparation Premises Hygenization	73,733,661	0
Services Fee	0	0
Health Inspection Fees	5,153,155	0
Premises Inspection Fees	5,632,878	0
0702-22-05 Shika Adabu Clinic	0	0
Cost Sharing Services	2,970	0
0702-23-05 Mtongwe Clinic	0	0
Cost Sharing Services	5,696	0
0702-24-05 Majengo Clinic	0	0
Cost Sharing Services	5,320	0
0702-26-05 Mwembe Tayari Clinic	0	0
Cost Sharing Services	6,153	0
0702-27-05 Ganjoni Clinic	0	0
Cost Sharing Services	3,075,472	0
0702-30-05 Kisauni Clinic	0	0
Cost Sharing Services	3,097	0
0702-31-05 Miritini Clinic	0	0
Cost Sharing Services	3,559	0
0702-32-05 Jomvu Kuu Clinic	0	0
Cost Sharing Services	1,817	0
0702-33-05 Utange Clinic	0	0
Cost Sharing Services	4,810	0
0702-34-05 Maunguja Clinic	0	0
Cost Sharing Services	1,495	0
Other Health and Sanitation Revenues	100,087,589	399,859,707
COUNTY EXECUTIVE	0	0
Court Fines	57,638,430	13,886,011
Cash Bail	57,638,430	2,916,500
Fines Penalties and Forfeitures	115,276,860	16,802,511
COUNTY OWN REVENUE	3,609,145,681	3,168,013,709

Annex II: EXPENDITURE PER PROGRAM 2017/2018

3011 THE EXECUTIVE		Original Budget FY 2017/2018	Approved Budget FY 2017/2018	TOTAL	% AGE
201-The Governor's Office	RECURRENT	117,925,480	207,301,116	195,985,766	95%
	DEVELOPMENT	37,220,000	47,237,930	22,559,223	48%
212-Cabinet Affairs Policy Research and Development	RECURRENT	23,170,800	151,012,235	96,002,497	64%
	DEVELOPMENT	3,000,000	0	0	
213-Public Service Management and Enforcement	RECURRENT	160,517,000	0	0	
	DEVELOPMENT	5,247,359	0	0	
215-E-Government and Operations	RECURRENT	28,000,000	43,626,212	41,097,774	94%
	DEVELOPMENT	30,778,620	100,000	0	0%
Deputy Governor's Affairs Headquarters	RECURRENT	67,026,737	65,483,687	45,215,268	69%
	DEVELOPMENT	10,650,000	4,138,850	2,219,295	54%
		483,535,996	518,900,030	403,079,824	78%
3013 COUNTY PUBLIC SERVICE BOARD					
101-Administration Unit	RECURRENT	136,119,894	96,256,575	81,523,719	85%
	DEVELOPMENT	20,925,803	2,172,605	1,719,035	
		157,045,697	98,429,180	83,242,754	85%
3014 FINANCE AND ECONOMIC PLANNING					
201-Administration Unit	RECURRENT	713,517,956	858,024,884	1,066,430,981	124%
	DEVELOPMENT	683,096,095	994,697,786	793,638,550	80%
203-Accounting Unit	RECURRENT	351,341,678	404,645,766	358,603,542	89%
	DEVELOPMENT	7,000,000	17,000,000	3,436,836	20%
204-Planning and Monitoring Unit	RECURRENT	54,074,896	136,074,896	102,837,719	76%
	DEVELOPMENT	11,000,000	2,500,000	510,000	20%
		1,820,030,625	2,412,943,332	2,325,457,628	96%
3015 ENERGY, ENVIRONMENT & WASTE MANAGEMENT			(
Administration Unit	RECURRENT	354,222,528	417,038,517	355,952,133	85%
	DEVELOPMENT	17,452,690	11,500,000	5,738,283	
Tourism Unit	RECURRENT	12,733,071	13,236,935	1,379,809	10%
	DEVELOPMENT	19,000,000	0	0	
Culture Unit	RECURRENT	96,506,050	88,477,940	52,918,353	60%
	DEVELOPMENT	20,000,000	2,000,000	0	
Betting Control and Licensing Unit	RECURRENT	4,531,162	64,837,512	56,427,395	87%
	DEVELOPMENT	0	103,008,000	47,413,793	
		524,445,501	700,098,904	519,829,766	74%
3016 EDUCATION INFORMATION TECHNOLOGY & MV 2035					
Administration Unit	RECURRENT	264,652,881	347,356,028	339,639,054	95%
	DEVELOPMENT	24,150,356	1,156,000	0	0%
Education headquarters	RECURRENT	78,060,070	21,873,364	18,370,275	84%
	DEVELOPMENT	89,006,896	20,155,820	13,909,233	69%
Elimu Development Corporation	RECURRENT	331,189,720	138,329,205	125,474,004	91%
	DEVELOPMENT	3,150,000	0	0	

Child Care	RECURRENT	20,500,000	5,974,700	1,488,336	25%
	DEVELOPMENT	132,600,000	53,765,472	35,182,873	65%
Information Technology Headquarters	RECURRENT	106,406,681	23,737,700	19,230,907	39%
	DEVELOPMENT	121,507,638	5,258,510	154,095	81%
		1,171,224,242	617,606,799	504,202,575	82%
3017 HEALTH SERVICES					
103-Administration Unit	RECURRENT	2,031,526,914	2,556,207,471	2,372,743,582	93%
	DEVELOPMENT	405,702,574	87,586,239	82,601,114	94%
104-Clinical/Health Services Unit	RECURRENT	347,198,392	86,306,869	90,026,963	104%
	DEVELOPMENT	73,918,000	24,866,013	13,963,737	56%
102-Preventive and Promotive Services Unit	RECURRENT	141,724,686	12,809,417	352,271,306	
	DEVELOPMENT	51,961,200	18,740,797	23,140,004	123%
		3,052,031,766	2,786,516,806	2,934,746,706	105%
3018 WATER,SANITATION & NATURAL RESOURCES					
Administration unit	RECURRENT	58,429,394	32,290,586	20,119,060	62%
	DEVELOPMENT	400,000	0	0	
Sanitation/Sewerage Services Headquarters	RECURRENT	0	0	0	
	DEVELOPMENT	27,250,000	0	0	
Water Supply Headquarters	RECURRENT	80,000,000	60,000,000	49,857,328	83%
	DEVELOPMENT	325,000,000	44,167,968	27,801,952	63%
		491,079,394	136,458,554	97,778,340	72%
3019 YOUTH,GENDER,SPORTS & CULTURAL AFFAIRS					
102-Administration Unit	RECURRENT	126,175,255	157,388,011	126,986,643	81%
	DEVELOPMENT	10,000,000	1,564,400	0	0%
105-Youth Affairs Unit	RECURRENT	115,585,000	19,703,495	10,645,724	54%
	DEVELOPMENT	50,000,000	38,000,000	0	0%
106-Gender Affairs Unit	RECURRENT	12,840,256	6,536,126	4,370,520	67%
	DEVELOPMENT	23,000,000	15,788,230	11,677,624	74%
204-Sports Unit	RECURRENT	12,225,000	17,585,750	7,312,810	42%
	DEVELOPMENT	204,179,499	217,179,499	182,368,405	84%
		554,005,010	473,745,511	343,361,726	72%
3020 TRADE, TOURISM AND INVESTMENT					
Administration Unit	RECURRENT	312,433,007	209,348,071	199,166,350	95%
	DEVELOPMENT	5,171,827	0	0	
Trade unit	RECURRENT	33,890,726	12,916,400	9,361,523	72%
	DEVELOPMENT	91,000,000	5,087,740	3,181,719	63%
Development of Tourism & Culture Headquarters	RECURRENT	94,774,776	40,426,039	16,615,427	41%
	DEVELOPMENT	35,000,000	1,859,300	0	
Industry Headquarters	RECURRENT	4,217,650	3,969,162	0	0%
	DEVELOPMENT	0	0	0	
		576,487,986	288,386,276	228,325,019	79%
3021 LANDS, HOUSING & PHYSICAL PLANNING					
Administration Unit	RECURRENT	216,570,742	162,650,680	127,666,496	78%
	DEVELOPMENT	299,109,314	80,668,946	64,714,174	80%

Land Management Unit	RECURRENT	4,825,000	2,334,150	1,066,431	46%
	DEVELOPMENT	37,100,552	36,003,600	32,732,519	91%
Housing Development Unit	RECURRENT	9,377,500	5,319,000	0	0%
	DEVELOPMENT	91,500,000	82,318,023	62,311,093	76%
		658,483,108	369,294,399	288,490,712	78%
3022 TRANSPORT, INFRASTRUCTURE AND PUBLIC WORKS					
Administration Unit	RECURRENT	370,157,857	391,841,384	393,221,210	100%
	DEVELOPMENT	22,000,000	5,000,000	1,898,922	
Road and Transport Unit	RECURRENT	19,050,000	57,400,000	15,245,289	27%
	DEVELOPMENT	283,039,388	1,329,365,002	1,018,844,988	77%
Works Unit	RECURRENT	20,550,000	13,524,192	2,707,586	20%
	DEVELOPMENT	23,000,000	23,000,000	12,604,645	55%
Operations and Services	RECURRENT	80,500,000	0	79,149,559	
	DEVELOPMENT	76,000,000	33,000,000	22,503,047	68%
Transport Planning, Management and Safety	RECURRENT	0	3,500,000	0	0%
	DEVELOPMENT	237,166,275	295,166,275	310,903,190	105%
Safety, Risk Management & Rescue Services	RECURRENT	10,550,000	0	0	
	DEVELOPMENT	50,000,000	25,000,000	25,000,000	100%
		1,192,013,521	2,286,035,995	1,933,585,102	85%
3023 AGRICULTURE, FISHERIES, LIVESTOCK & CO-OPERATIVES.					
112-Administration Unit	RECURRENT	137,555,092	122,310,131	117,945,974	96%
	DEVELOPMENT	1,468,161	1,768,161	0	0%
111/3-Crop Management Unit	RECURRENT	28,490,980	14,753,980	12,553,967	85%
	DEVELOPMENT	6,000,000	18,095,600	13,043,942	72%
104-Livestock Unit	RECURRENT	14,083,719	12,173,719	5,686,086	47%
	DEVELOPMENT	106,378,000	4,390,780	3,765,664	86%
103-Fisheries Unit	RECURRENT	12,834,736	5,677,100	428,431	8%
	DEVELOPMENT	20,055,000	101,800,500	31,159,503	31%
105-Veterinary Services	RECURRENT	15,965,000	12,192,284	3,206,063	26%
	DEVELOPMENT	16,500,000	5,000,000	0	0%
		359,330,688	298,162,255	187,789,630	63%
3026 DEVOLUTION & PUBLIC SERVICE ADMINISTRATION					
Administration	RECURRENT	568,807,564	635,150,287	613,274,686	97%
	DEVELOPMENT	0	0	1,338,728	
Decentralized units & Service Centers Headquarters	RECURRENT	51,819,000	62,871,000	12,216,801	19%
	DEVELOPMENT	120,340,000	17,624,485	13,825,000	78%
Devolution Services Headquarters	RECURRENT	40,000,000	33,650,000	6,300,000	19%
	DEVELOPMENT	0	0	0	
Public Service Management & enforcement	RECURRENT	0	109,327,852	101,587,633	93%
	DEVELOPMENT	0	961,400	0	0%
		780,966,564	859,585,024	748,542,848	87%
3010-MOMBASA COUNTY EXECUTIVE		11,820,680,099	11,846,163,065	10,598,432,630	89%
3012 COUNTY ASSEMBLY		716,768,285	667,637,636	525,366,107	79%
		12,537,448,384	12,513,800,701	11,123,798,738	89%