



FISCAL STRATEGY PAPER

OF THE COUNTY GOVERNMENT OF MOMBASA

**ENHANCING ECONOMIC TRANSFORMATION FOR SHARED
PROSPERITY IN MOMBASA COUNTY**

FEBRUARY 2015

**BUDGET OFFICE OF THE COUNTY GOVERNMENT OF MOMBASA
FINANCE AND ECONOMIC DEPARTMENT**

© 2015 28 February 2015

To obtain copies of the document, please contact:

Public Relations Office

County Government of Mombasa

County Treasury

P.O. Box 90400-80100

MOMBASA, KENYA.

Tel: +254-041-2311531

Fax: +254-0412311531

Foreword

This fiscal strategy paper, the second to be prepared by the Mombasa County Government sets out the County Government of Mombasa's policy priority programs to be implemented in the Medium Term Expenditure Framework (MTEF) under the devolved system of Government. The policy mix comprises of five priority areas that the County feels will transform the way of life of the residents of Mombasa and bring about sustainable economic development: (i) Investing in transport infrastructure so as to make transport affordable and faster for economic efficiency and scaling investments in other key infrastructures; (ii) Provision of quality portable water and improved sanitation and sewerage services; (iii) creating a conducive business environment and better livelihoods through improved land services as to ensure that investors and the residents are able to benefit from land as a factor of production; (iv) Investing in quality and accessible healthcare services; and (v) provision of quality basic education so as to give children a better foundation consistent with the requirements of modern labour market and building a knowledge economy, all geared towards an enhanced equitable economic development.

The Fiscal Strategy Paper is framed under a backdrop of improving global economic prospects underpinned by gradual strengthening of the advanced economies and continued robust growth in Sub-Saharan Africa. Kenyan economy is currently ranked 9th largest in Africa and 4th largest in Sub Saharan Africa.

The Kenyan economic growth momentum has been held back by emerging challenges particularly insecurity and its impact on the tourism sector especially in Coast region and particularly in Mombasa County bringing the tourism sector on its knees. There are continued efforts to equip the security sector with the latest technology for monitoring and enhancing security so as to secure our borders and reduce crime within our country. There are other challenges that continue to hold our economy back from achieving its full potential. Through this County Fiscal strategy paper, we are addressing these challenges and building on our successes as a basis for our economic and transformation agenda.

This County Fiscal Strategy Paper will lay a firm foundation for reduction in the high costs of living, joblessness, protecting the poor and the vulnerable and wastage in public expenditure.

The Medium Term Framework hereby presented provides the means for the county to reinvigorate devolution for a transformative and shared prosperity in Mombasa County. This is attainable through better management of public finance which calls for openness, transparency and accountability in public finance management in order to ensure fiscal discipline and safeguard macroeconomic stability.

HAZEL J KOITABA

EXECUTIVE MEMBER /FINANCE AND ECONOMIC PLANNING

Acknowledgement

This is the second fiscal strategy paper to be tabled in the County Assembly under the Public Finance Management Act, 2012. It outlines the broad strategic macro-economic issues and fiscal framework, together with a summary of government spending plans, as a basis of 2015/16 budget and the medium term. We expect the document to improve the understanding of Kenya's public finances and guide public debate on economic and development matters.

The preparation of this fiscal strategy paper continues to be a collaborative effort. Most of the information in this paper has been obtained from the National Government and County Government policy papers, Mombasa County Government Departments, other Government Departments and Agencies. We are grateful for their inputs. We are also grateful for those who provided inputs during the various budgeting forums conducted in the County, in addition to comments from the Commission for Revenue Allocation and other stakeholders.

A core team from the Finance and Economic Planning Department spent time putting together this paper. I take this opportunity to thank all for their dedication, sacrifice and commitment to public service.

JONATHAN NYONGESA

CHIEF OFFICER/ FINANCE AND ECONOMIC PLANNING

Contents

ABBREVIATIONS AND ACRONYMS	6
INTRODUCTION	7
Legal Basis for the Publication of the County Fiscal Strategy Paper (CFSP)	7
Fiscal Responsibility Principles in the Public Financial Management Law.....	8
Executive Summary.....	9
ENHANCING ECONOMIC TRANSFORMATIVE AND SHARED PROSPERITY IN MOMBASA	12
Overview.....	12
Prioritizing Development	16
Sector Priorities.....	17
RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK.....	20
Overview of Recent Economic Performance	20
Growth update.....	20
Budget Out-turn, July – December 2014.....	24
Overview of the County's Performance for FY 2014/2015.....	24
Response to Overview of the County's Performance for FY 2014/2015	27
FISCAL POLICY AND BUDGET FRAMEWORK.....	29
Overview.....	29
Observing fiscal responsibility principles	30
Fiscal structural reforms.....	30
Deficit financing policy.....	31
2015/16 Budget Framework	31
Revenue Projections.....	31
Expenditure Forecasts	32
Recurrent Expenditure.....	32
Development Expenditure	32
Continuing with prudent fiscal policy.....	32
The FY2014/2015 Appropriation Act and the General Warrant.	33
MEDIUM TERM EXPENDITURE FRAMEWORK	35
RESOURCE ENVELOPE	35
Spending Priorities	35
The Fiscal Strategy FY 2015/16 & the Economic Objectives of the Government.....	36
Summary of Costs and Ceiling.....	37
EXPENDITURE COMPOSITION PER DEPARTMENT	40
Baseline ceilings.....	41
Finalization of spending plans.....	41
Details of Sector Priorities	42
CONCLUSION.....	43

ABBREVIATIONS AND ACRONYMS

ADP:	Annual Development Plan
BOT:	Build Operate and Transfer
CAPEX:	Capital Expenditure
CBO:	Community Based Organization
CIDP:	County Integrated Development Plan
CFSP:	County Fiscal Strategy Paper
CGM:	County Government of Mombasa
COB:	Controller of Budget
ECDE:	Early Childhood Development
FDI:	Foreign Direct Investments
FY:	Financial Year
G-Pay:	Government pay System
ICT:	Information Communication Technology
IFMIS:	Integrated Financial Management Information System
IPPD:	Integrated Personnel Payroll Data
IPT:	Integrated Public Transport
KAPS:	Kenya Airport Parking service Municipal Ltd.
KNBS:	Kenya National Bureau of Statistics
KMP:	Kenya Municipal Programme
LAIFOMS:	Local Authority Integrated Financial operating management system.
MTEF:	Medium Term Expenditure Framework
MTP:	Medium Term Plan
PFM:	Public Finance Management
STA:	Single Treasury Account

INTRODUCTION

Legal Basis for the Publication of the County Fiscal Strategy Paper (CFSP)

The County Fiscal Strategy Paper is published in accordance with Section 117 of the Public Finance Management Act, 2012. The law states that:

1. The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval.
2. The County Treasury shall submit the approved County Fiscal Strategy Paper to the county assembly, by the 28th February of each year.
3. The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
4. 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.
5. 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.
6. 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
7. 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.
8. The County Treasury shall consider any recommendations made by the county assembly when finalising the budget proposal for the financial year concerned.
9. The County Treasury shall publish and publicise the County Fiscal Strategy Paper

Fiscal Responsibility Principles in the Public Financial Management Law

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.

Executive Summary

The fiscal strategy of the County Government of Mombasa for the year 2015/2016 is set out in this paper. The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper (CFSP) for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year. The contents of the CFSP will be largely informed by the PFM Act section 117(2) which provides for the aligning of the CFSP with the national objectives in the Budget Policy Statement.

The fiscal framework is guided by various principles which are in line with the medium term expenditure framework and the Vision 2030 among them: A strong revenue effort to ensure that the revenue to GDP ratio remains high, budget expenditures are consistent with agreed county and sectoral priorities with increased shift away from recurrent to capital expenditures while ensuring resources for operation and maintenance of capital stock is provided for, ensuring that the overall fiscal deficit will be consistent with achieving sustainable domestic debt and should not crowd out private sector credit, while at the same time providing sufficient fiscal space for infrastructural and social programmes necessary to achieving Vision 2030 objectives, external borrowing will be guided by the need to ensure our external debts remains sustainable and in all this, 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. The fiscal strategy Paper is a crucial requirement according to the Public Finance Management Act, 2012 as it requires the adoption of a multi-year perspective in budgeting to allocate public resources on a rolling basis over the medium-term.

The 2015/2016 fiscal strategy is prepared at a time when the Kenyan Economy is projected to grow by 6.9 percent in 2015 and 7.0 percent over the medium term. This robust broad based growth will be underpinned by performance in the agriculture, forestry and fishing, manufacturing, construction, real estate, whole sale and retail trade, financial and insurance activities and information and communication.

The Government has negotiated a precautionary arrangement with the International Monetary Fund blending the non-concessional Stand-By Arrangement and the Concessional Stand-By Credit Facility

(SBA/SCF). This new facility which amounts to US\$488.25 million or 180 percent of quota, would cushion the economy by providing Kenya with access to IMF resources in the event of exogenous shocks.

The Economic growth momentum has been held back by emerging challenges particularly insecurity and its impact on the tourism sector. There are continued efforts to equip the security sector with the latest technology for monitoring and enhancing security. Significant resources will continue to be earmarked for the modernization and recruitment of more security personnel so as to secure Kenyan borders and reduce crime within the country. Beside insecurity, there are other challenges that continue to hold our economy back from achieving its full potential. The Country will build on the achievements made so far in most sectors of the economy and through the policies set out in the Fiscal Strategy Paper and scale up the efforts in order to address the existing as well as emerging challenges.

In the 2014/2015 fiscal year, an annual budget and its amended budget were passed. The supplementary budget approved combined spending of Kshs 9.9 Billion, of which Kshs 3.2 Billion was allocated to capital spending and 6.7 Billion to recurrent spending. Of the Kshs.9.9 Billion of budgeted revenue for FY 2014/2015 as at 31st December 2014, 2.7 Billion was realized. The shortfall is mainly due to the County being unable to tap revenue from devolved units like Fisheries, Water, Local tourism, Betting and control due to technicalities in handing over and a time lag in approving the finance Bill.

Initially the County had prepared and approved a budget of Kshs.12.4 Billion for FY 2014/2015 within the stipulated budget timelines. This included Kshs.4.2 Billion for CAPEX and Kshs.8.2 billion for recurrent expenditure. The estimated revenue for the period was Kshs.12.4 Billion which comprised of Kshs.4.5 Billion as National equitable share, 698 Million from grants and Kshs.7.2 Billion from Local sources. Owing to lack of collection of local revenue the County found it prudent to down scale the budget. The 2014 Appropriation Bill was passed by the County Assembly and assented to by the Chairperson, Committee Member of Finance in January 2014.

The main challenges that have so far been experienced relate to bloated wage bill, huge debts that were inherited from the Municipal Council some of which are statutory deductions and other debts that accrue huge interests coupled with low levels of local revenue collection. There is still weak institutional framework that is manifested by the transitional from the National to devolved systems of governance, lack of capacity at the county level and the conflicting interests between sustaining of the old and new

systems. There was also an over estimation of revenue that would be collected locally which brought in place an over ambitious budget.

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

In the light of current revenue realities and some unanticipated expenditure items such as the wage increases, the Government is seeking to rationalize recurrent spending, to identify and resolve Revenue leakages. In addition the county has fully adopted IFMIS and G-Pay systems to enhance financial accountability and reporting.

ENHANCING ECONOMIC TRANSFORMATIVE AND SHARED PROSPERITY IN MOMBASA

Overview

The 2015 Mombasa County Fiscal Strategy Paper (CFSP) outlines the broad strategic macroeconomic issues and fiscal framework, together with a summary of government spending plans, as a basis of 2015/16 budget and medium-term. It also presents county strategy towards realizing the objectives of the County Integrated Development Plan (CIDP), the Second Medium Term Plan and the Vision 2030. In this regard, it contributes to the improved understanding of Mombasa County's public finance and guiding the debate on economic and development matters.

The implementation of projects and programs under the five strategic objectives of the county; (i) Investing in transport infrastructure for economic efficiency and scaling investments in other key infrastructures; (ii) Provision of quality portable water and improved sanitation and sewerage services; (iii) Creating a conducive business environment and better livelihoods through improved land services; (iv) Investing in quality and accessible healthcare services; and (v) provision of quality basic education all geared towards an enhanced equitable economic development.

The implementation of programs under these priorities is expected to raise efficiency and productivity in the economy, and in turn accelerate and sustain inclusive growth, create opportunities for productive jobs, and secure livelihoods for the community.

On Governance; The County's economic transformation requires institutional strengthening to ensure efficiency. While there is progress on the governance front, much still need to be done to entrench good governance and zero- tolerance to corruption. As outlined in the 2014 CFSP, this paper proposes the development of county anti- corruption policy, strengthening of the legal office and prosecution capacity while at the same time strengthening governance policies on revenue administration, public works, public procurement and employment by County Public Service Board.

To ensure there is efficiency, effectiveness, transparency and accountability in the use of public finances, capacity building will be taken from time to time to familiarize the PFM staff on system usage and timely financial reporting. There will also be frequent consultation with the relevant bodies like the National Treasury (NT), Office of the Auditor General (OAG), Office of the Controller of Budget (OCOB) and Public Procurement and Oversight Authority (PPOA).

The County will embark on expenditure management and execution of the public expenditure reforms. There is also a plan to undertake the recent civil service rationalization exercise and also to initiate programs to fully realize economic transformation by improving efficiency and effectiveness in public resources utilization and budget execution.

The County is currently undertaking tax and revenue reforms geared towards strengthening revenue efforts and improving the ease of doing business. This will prioritize measures to simplify tax systems, leverage automation, expand the tax base, rationalize tax incentives and exemptions and expand the tax net to capture the informal sector and also the devolved tax sources.

In enhancing security for sustained growth and employment, the County is privy to the security issues that have affected especially the tourism sector and recognizes that without security the county economy will not grow on a sustainable basis and the objective for creating jobs for the county citizens will not be realized. The recent security challenges have greatly affected the tourism sector leading to low tourist arrivals, general loss of jobs and negative multiplier effect on other sectors of the County economy like trade and investments. To promote tourism and guarantee jobs for the county citizens, this CFSP 2015 continues to give priority to programmes aimed at giving more life to this ailing industry.

In the Agricultural sector, the County undertakes to spur growth in related sectors of the county economy such as agro- processing, storage and transport, industry, wholesale and retail trade, export and in turn, the county's economic transformation. The department of Agriculture, Livestock Development and Fisheries will initiate a number of strategies to unlock agricultural productivity potential among smallholder and livestock farmers as well as commercial farmers.

In supporting growth of Trade, Industry, Investment and Tourism for Employment Creation, the 2015 CFSP recognizes that increased agricultural productivity spurs the growth of industries and trade, which are powerful ingredients in the transformation of the county's economy. Value addition in agriculture and the growth of livestock related industries will grow the County's economy and create employment. The Departments of Trade, Energy and Industry will work together with Agriculture, Livestock and Fisheries Department so as to prioritize and establish SMEs like Jua- kali sheds and livestock related industries such as food processing industries and value addition Industries.

In empowering the Youth and Women for Employment Creation, the County Government through the Department of Youth, Gender and Sports remains steadfast in addressing joblessness among the youth, women and the physically challenged persons. In this 2015 CFSP, the County Government will build ongoing youth and women support programs to tap the creativity talent and knowledge of the young people so as to encourage entrepreneurship and innovation.

The County Government of Mombasa recognizes that development of modern infrastructure is a key driver of the county economy transformation agenda. To realize rapid and sustainable agricultural, trade, industrial and tourism development, our strategy for economic transformation is to prioritize investment in road infrastructure to reduce the cost of doing business and enhance competitiveness.

Through the Water, Environment and Natural Resources, the County recognizes that Water infrastructure is still wanting and is inaccessible to most of the county population thus the county intends to improve access and reliability of water supply through the rehabilitation and expansion of the water supply

systems. There are also plans to improve the sanitation facilities given that only a small population is served by a conventional sewerage system.

The Department of Land, Planning and Housing in the County will work closely with the National Government in issuance of titles allocation targeting to issue 10,000 title deeds, it will take part in surveying, planning and mapping so as to ensure that investors and the residents are able to benefit from land as a factor of production. Informal settlements upgrading and spatial planning of the County will preoccupy the Departments activities to provide secure land tenure given that 72% of the population lives in 62 informal settlements and the County is lacking an updated spatial plan to guide optimal land use.

In building a Healthier Mombasa County Population, the County's strategy on health care aims to build a healthy population that can ensure higher productivity for sustained economic transformation and long term county development. This strategy shall build on the progress achieved and continue accomplish the programs as outlined in the CIDP. The strategy will involve; recruitment of more health workers, expansion of training facilities, development of a framework for supervision and quality assurance and development of systems to support and expand health care services and sanitation through the department of public health.

The county mandate on education is on early childhood development education and youth training. The Department of Education and Children has the following 6 strategic objectives: (i) To restore the role of the parents as the primary stakeholders in education and child care in partnership with children, teachers and care givers; (ii) To improve transition rate from home to ECE, from ECE to Basic Education, from Basic Education to Tertiary and from Tertiary into the global economy from 35% to 65% over the next 4 years; (iii) To improve the quality of care for every child by raising the standard of education assessment, skill, attitudes and values in teaching and learning across all levels and sectors of education over the next 4 years; (iv) To increase financial, technical and human resource by 55% annually; (v) A multi-sector approach to dignified care and safety for children over the next 4 years; (vi) To improve exposure and access to information in order to inspire transformation, create international thinking and establish global networking opportunities over the next 4 years for every child.

The CGM continues to receive shareable revenues as per the law. It is important to ensure that devolution achieves the objectives of better service delivery and rapid local economic development as well as jobs creation in line with our Vision 2030, but this can only occur if the fiscal discipline in the use of devolved resources is entrenched and macroeconomic environment remains stable. There is therefore great need to lay a strong economic foundation that will generate the resources for the entire country and jobs for our unemployed youth, women and the disabled.

In entrenching devolution for better service delivery, the National government strategy to further entrench devolution for better service delivery aims at strengthening institutions and capacity to link intergovernmental fiscal transfers with revenue raising capacity of the county government in order to enhance political and financial accountability for efficiency and effectiveness in service delivery, alleviation of poverty and convergence in county development. In the 2015 BPS, the county allocation of

its equitable share from the National Government for FY 2015/2016 has been raised to Ksh.5, 735,791,274 from the current FY 2014/2015 of Ksh.4, 748,690,119. This may not be adequate to actualize the county economic transformation agenda in the coming financial year 2015/2016.

In order to supplement this, more effort will be geared towards raising additional revenues. As systems are put in place to raise more revenue continues, caution will be taken to safeguard and ensure a thriving business environment supportive of the private sector. To ensure the county delivers on its objective of better service delivery and economic transformation, close collaboration with the National Government will be enhanced and fiscal discipline in the use of public resources will be entrenched.

The programmes that will be funded in the Budget for 2015/16 and outlined in this CFSP rides on the priorities outlined in the CIDP and the Second Medium Term Plan of Vision of 2030. In this regard, this CFSP sets forth economic policies and structural reforms as well as sector-based expenditure programmes that the CGM intends to implement over the next three financial years in order to achieve development agenda of this Administration. As was the case in the 2014/2015 Budget, the FY 2015/16 budget will continue to emphasis shifting of resources in favour of growth and job creation, and to support stronger private-sector investment in pursuit of new economic opportunities. Through the proposed fiscal framework for the Fiscal Year 2015/16, fiscal discipline will be enhanced to support inclusive growth.

Prioritizing Development

In the Fiscal Year 2015/16, the CGM will continue to further entrench the County Government structures as envisaged in the Constitution. During the FY 2014/2015, we have noted major challenges in the implementation of the budget. Among these challenges is poor network connectivity of the Integrated Financial Management Information System (IFMIS) to the main server at the National Treasury as well as low performance of local revenue collection. The delay in the approval and implementation of the Finance Bill 2014 was also another challenge.

Despite the foregoing challenges, there is need to prioritize resource allocation to the key areas of economic development and ensure more effective service delivery. The County Government will seek to leverage on the available opportunities in the Information, Communication and Technology (ICT) as well as other sectors. Among other areas of potential leveraging include leasing of assets and equipment and entering into public private partnerships to quicken service delivery.

In the county public sector we have noted the growing challenge of an expanding public sector wage bill resulting from staff seconded from the National Government whose functions have been devolved as well as staff from the defunct Local Authorities, our wage bill has shot up hence taking up a substantial share of the budget allocation. There is therefore, need to develop a wage policy for the county to avoid unnecessary wage pressures that are likely to impact on pensions that would in turn increase the County Government's contingent liability.

The Salaries and Remuneration Commission (SRC) will in the medium term continue to set the salaries of state officers and recommend salaries of public officers that will ensure fiscal sustainability, among other key public finance principles. There are various staff audits that have been done geared towards assessing the existing labour force and also the capacity assessment as the staff rationalization will lead to improved serviced delivery and increased productivity.

Over the medium term, government expenditure will need to moderate so as to guard against accumulating large debt that will be burdensome to future generations.

With the limited resources the County Government will rationalize and ensure prudent use of public resources bearing in mind the need to achieve the set development goals. In the coming year, we shall ensure fiscal prudence and implementation of our strategic interventions.

The Fiscal Framework outlined in this CFSP therefore calls for greater fiscal discipline and alignment of resources and priorities. Expenditure control measures therefore become necessary in this regard.

Sector Priorities

The 2015-16 Fiscal Strategy Paper will be anchored along five major priorities of the County; Transport Infrastructure improvement, Provision of Water, sanitation and sewerage services, Provision and support of better land services, Investing in quality and accessible health care services and quality education.

The implementation of programs under these five strategic sectors is expected to raise efficiency and productivity in the County's economy, and in turn accelerate and sustain inclusive growth, create opportunities for productive growth and ensure high standards of living for Mombasa County residents.

Health

On human capital development, the County Government is committed to providing affordable quality health care. This will be achieved through ensuring that there is promotion of the seven building blocks of health; (i) Governance and leadership through conducting trainings in health management to all officers heading health facilities county wide; (ii) Human resource through deployment of adequate health personnel of all cadres in the health facilities and instituting systems that will ensure better productivity, accountability and supervision of personnel; (iii) Essential health services by focusing on primary health care to ensure a lower disease burden by establishing new community units under the community strategy program; (iv) Financial resources allocation to Coast Provincial General Hospital as it is a Coast region referral facility and enrolling more facilities under the free maternity program like Mbungoni and St. Andrews Bangladesh FBOs are in the pipeline; (v) Health infrastructure, this will be done through health care infrastructure upgrade and equipments modernization.; (vi) Medical products and technology; (vii) Information systems and technology to ensure efficient, effective and accountable framework in the health sector.

Land Services

The Department of Land, Planning and Housing in the County is the highest source of revenue in the County and there is need to match this with the services that are being offered. The County will work closely with the National Government in issue of title allocation targeting to issue 10,000 title deeds. The Department will take part in surveying, planning and mapping so as to ensure that investors and the residents are able to benefit from land as a factor of production.

Informal settlements upgrading and spatial planning of the County will preoccupy the Departments activities to provide secure land tenure given that 72% of the population lives in 62 informal settlements and the County is lacking an updated spatial plan to guide optimal land use.

The County Government of Mombasa will work with other Development partners in provision of these vital services.

Transport Infrastructure

In order to drive economic growth in the County, there will be a continued focus on road infrastructure improvement through maintaining the already existing road networks while also opening up new access roads so as to restore confidence of residents and making the cost of doing business favourable. Transport infrastructure development will also help revamp the tourism sector and foster social integration in the County.

The County is embarking on expanding the existing road network in order to make transport affordable and faster for economic efficiency.

The Government of Mombasa contracted to improve and construct 14.1 km of roads and installation of traffic lights at six (6) junctions at a total cost of Ksh. 226 million. The works are at various stages of execution and are scheduled to be completed by June 30th 2015 while Aldina - Kwangombe which includes construction of a drift in the ocean will be completed in the 1st quarter of 2015/2016.

The works to improve and construct 15.13 km of roads and one bridge at a total cost of Ksh. 292 million have just commenced and are scheduled to be completed by June 30th 2015 while others will be completed in the 1st quarter of 2015/2016.

The County Government has procured road construction equipment for in house road construction and maintenance. These include two motor graders, two wheel loaders, two drum rollers, one backhoe excavator and five tippers this financial year. These are intended to increase coverage in opening of access roads while reducing the cost of works compared to contracting.

Education

The Department of Education and Children has the following 6 strategic objectives: (i) To restore the role of the parents as the primary stakeholders in education and child care in partnership with children, teachers and care givers; (ii) To improve transition rate from home to ECE, from ECE to Basic Education, from Basic Education to Tertiary and from Tertiary into the global economy from 35% to 65% over the next 4 years; (iii) To improve the quality of care for every child by raising the standard of education assessment, skill, attitudes and values in teaching and learning across all levels and sectors of education over the next 4 years; (iv) To increase financial, technical and human resource by 55% annually; (v) A multi-sector approach to dignified care and safety for children over the next 4 years; (vi) To improve exposure and access to information in order to inspire transformation, create international thinking and establish global networking opportunities over the next 4 years for every child.

There are various ongoing programs being undertaken by the Department among them:

Governor's Award Program (GAP), whose vision is to enable learners to develop leadership skills that can solve today's problems, those they face at the transition levels and those they will face in their future. GAP will provide opportunities for learners within formal and non-formal education to fulfil their potential through a commitment to high standards and excellence within a broad, rich and inclusive learning experience.

The Elimu Fund which is part of the Elimu Development Corporation established within the Mombasa Education Development Act 2014 as a Fund that invests, facilitates and mobilizes the financial, technical and human resource for education and Childcare within the County of Mombasa.

The Safer Cities Authority that was established within the Mombasa Child Care Facilities Bill 2015, within a City management framework, through a joint commission with the Department of Environment, Lands and Transport, the authority through its 'Quality Regulatory and Enforcement Workforce' (QuREW) evaluates, monitors, regulates and enforces the standards of dignified care within Mombasa County.

Water Services

The water demand in the county is quite high compared to the supply which only at 30%. There is an intention of replacing the dilapidated water pipes and expansion and lying of water pipes, coupled with creation of more reservoirs and an option of drilling more boreholes.

There are plans to improve the sanitation facilities given that only a small population is served by conventional sewerage system.

Safe drinking water and sanitation complements efforts towards improved primary health care and productivity of labour and social development.

The county intends to take up a major desalination project that will ensure frequent supply of water since currently the County's water sources are limited to Mzima, Marere and Baricho.

RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

This section will outline the economic context in which the 2015/16 MTEF budget is prepared. It provides an overview of the recent economic developments and the macroeconomic outlook covering the global and domestic scene. It is followed by section III which describes the fiscal framework that is supportive of growth over the medium-term, while continuing to provide adequate resources to facilitate the policy priorities of the County Administration while at the same time ensure that the public debt is sustainable. Section IV presents the resource envelope and spending priorities for the proposed 2015/16 MTEF budget and the Medium Term and finally, section V concludes the discussion.

Overview of Recent Economic Performance

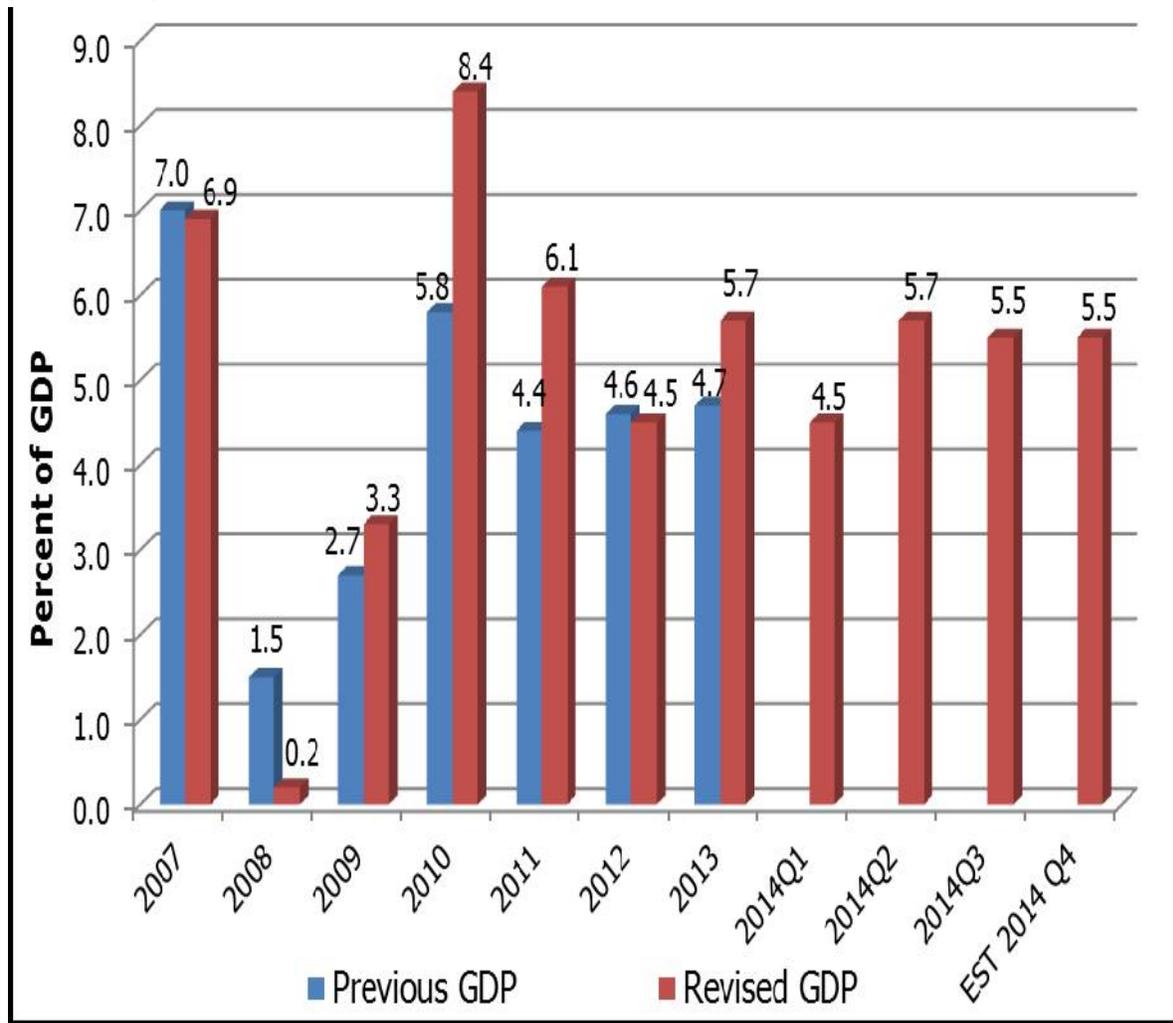
The Kenya National Bureau of Statistics (KNBS) initiated the process of rebasing and revising of the National Accounts Statistics (NAS) in 2010 and completed the exercise in September 2014. The rebased GDP estimates in nominal terms for 2013 is Ksh 4,757.5 billion which represents 25.3 percent increase from the previous estimates. This translates to US\$ 1,269 in GDP per capita in 2013 up from US\$ 994 in 2012, placing Kenya at lower middle income economy. Kenya's economy is now ranked as the 9th largest in Africa and 4th largest in SSA.

Growth update

The economy grew by 5.7 percent in 2013, up from 4.5 percent growth in 2012. The increase in growth in 2013 was supported by improved activities in agriculture, forestry and fishing (5.1 percent), manufacturing (5.9 percent), wholesale and retail trade (9.2 percent), financial and insurance activities (9.3 percent) and information and communication (13.5 percent).

The economy is estimated to have expanded by 5.5 percent in the third quarter of 2014 compared to a revised estimate of 6.2 percent in the same period of 2013. The growth was mainly supported by robust growths in; construction (11.0 percent), finance and insurance (9.9 percent), wholesale and retail trade (7.2 percent); information and communication (6.6 per cent); and agriculture and forestry (6.2 per cent). All the sectors of the economy recorded positive growths except accommodation and food services (hotels and restaurants) which have consistently been on the decline since last year.

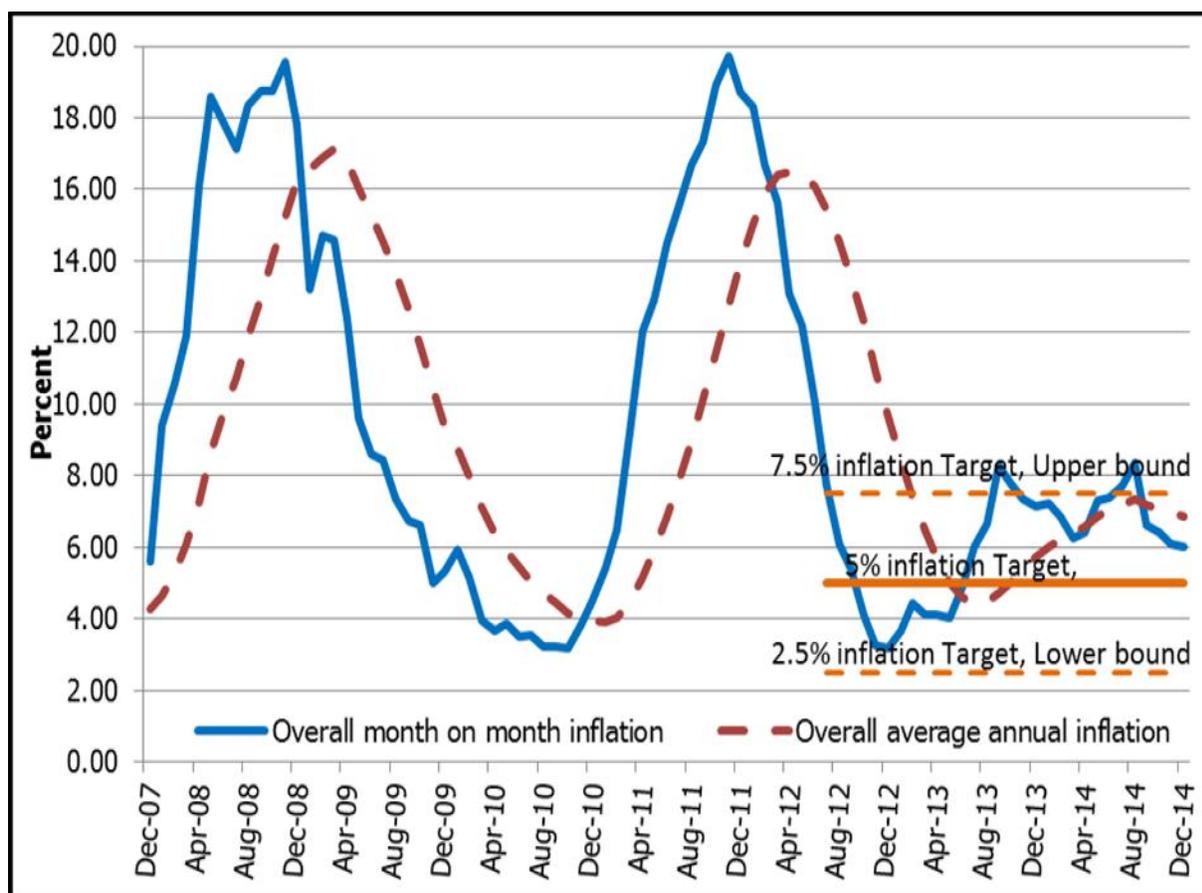
Figure 1: Comparison in GDP Growth Rates



Source: KNBS

Going forward, the growth outlook is promising due to continued implementation of bold economic policies and structural reforms as well as sound economic management. The economy is projected to grow by 5.3 percent, 6.9 percent in 2014 and 2015, respectively, and 7.0 percent over the medium term. This level of growth will be underpinned by the continued good performance in agriculture, forestry and fishing, manufacturing, real estate, wholesale and retail trade, financial and insurance activities and information and communication.

Figure 2: Inflation within single digit



Source: KNBS and CBK

Overall month on month inflation declined further to 6.0 percent in December 2014 from 6.1 percent in November 2014 and 6.4 percent in October 2014 . On average, the annual inflation rate was 6.9 percent in December 2014 compared to 5.7 percent in December 2013.

The decline in overall inflation in December 2014 was largely attributed to lower fuel inflation. Fuel inflation eased from 6.4 percent in November 2014 to 6.0 percent in December 2014 reflecting a fall in the retail price of kerosene, diesel and petrol. Non-food non-fuel inflation also eased from 3.8 percent in November 2014 to 3.7 percent in December 2014.

Food inflation however, rose from 7.4 percent in November 2014 to 7.5 percent in December 2014. This reflects the 12-month change in the ‘food and non-alcoholic beverages’ index, which rose from 7.5 percent in November 2014 to 7.7 percent in December 2014.

Fiscal performance and emerging challenges

2014/15 Budget

The assumptions underlying the 2014/15 county budget were detailed in the last budget statement. The budget assumed timely exchequer release of Equitable Share from the National Treasury as well as achievement of revenue collection targets from the local sources. In addition, the financial objectives were aimed at containing non-priority and unproductive recurrent expenditure so as to maintain a balanced budget.

The approved Mombasa County budget for the 2014/15 budget amounted to Ksh. 9.9 billion, comprising of Ksh. 6.7 billion for recurrent expenditure and Ksh.3.2 billion for development expenditures. These expenditures are expected to be financed by Equitable Share of Ksh. 4.7 billion, Conditional Grant of Ksh. 987 million and Local Revenue of Ksh. 5.1 billion.

Implementation progress and emerging fiscal challenges

Implementation of the FY 2014/15 budget begun at a slow pace in the early months of the financial year, due to limited flow of revenue as the County was awaiting legislation of the Finance Bill 2014.

The Executive member in charge of Finance and Economic Planning has instituted measures to ensure that all collected revenue is recorded, accounted for and promptly banked in the County Revenue Fund Account.

Budget implementation has further experienced slow transactions due to unstable financial system due to poor connectivity and 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.

Expenditure pressures relate to an expanding public sector wage bill resulting from staff seconded from the National Government whose functions have been devolved as well as defunct Local Authorities staff. The wage bill has become unsustainable currently taking up a substantial amount of the county revenue. There is therefore, need to develop a wage policy for the county. Wage pressures are likely to also impact on pensions that would increase the County Government's contingent liability. Going forward, the regulations set by SRC will need to be adhered to so as to eliminate wage pressures after the budget has been prepared. Further, the decision of the Intergovernmental Budget and Economic Council (IBEC) to freeze recruitment by County Governments must be upheld.

Budget Out-turn, July – December 2014

As at end of December 2013, cumulative revenue receipts amounted to Ksh. 2.9 billion, against a target of Ksh. 9.9 billion resulting in an underperformance. The revenue received was in respect of Ksh. 2.1 billion from equitable share and Conditional Grant and Ksh. 719 million from local revenue Sources.

Shortfall resulting from equitable share was due to delayed exchequer release from the National Treasury while local revenue collection was as a result in delay in approval of Finance Bill 2014.

Expenditure execution has lagged behind in the first six months of the financial year on account of lower absorption of funds for development activities and cumbersome procurement procedures. Total expenditure (based on disbursement) amounted to Ksh. 2.8 billion. Expenditure on personnel took the lead at 2 billion, while recurrent was at Ksh. 655 and development 195 Ksh. Million.

Overview of the County's Performance for FY 2014/2015

The County had collected revenue by 31st December 2014 from its major sources as compared to the Budget as shown below

Table 1. Revenue Source

REVENUE TYPE	ANNUAL TARGET	ACTUAL COLLECTION	% OF FULL YEAR TARGET
1.Equitable National share/Conditional Grant	4,748,690,119	2,137,644,821	45%
2.Local Sources of Revenue	5,121,528,018	719,413,020	14%
TOTAL	9,870,218,137	2,857,057,841	29%

Figure 3. Comparison of budgeted revenue for 2014/15 and Actual collections up to December 2014-SEE APPENDIX I

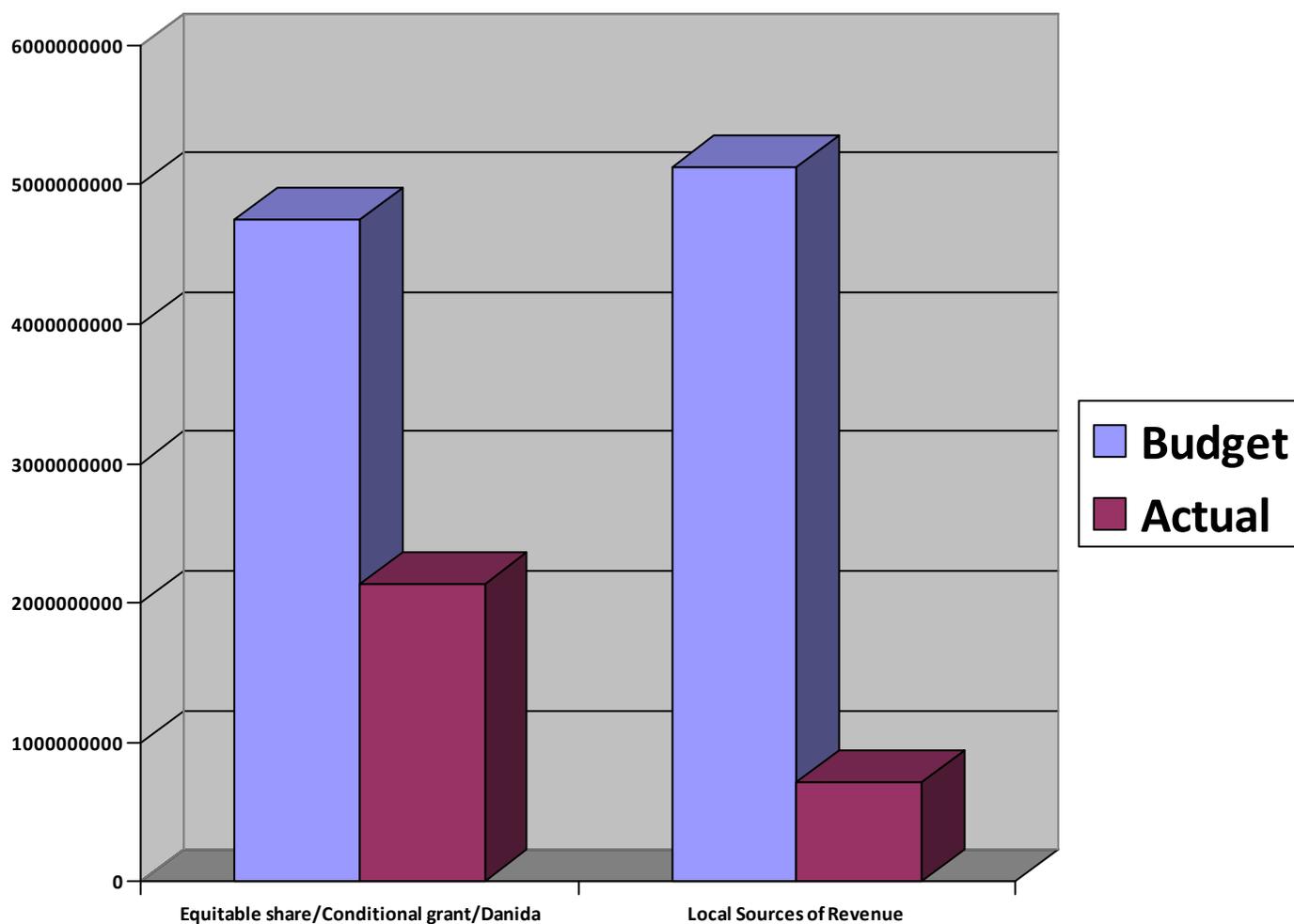
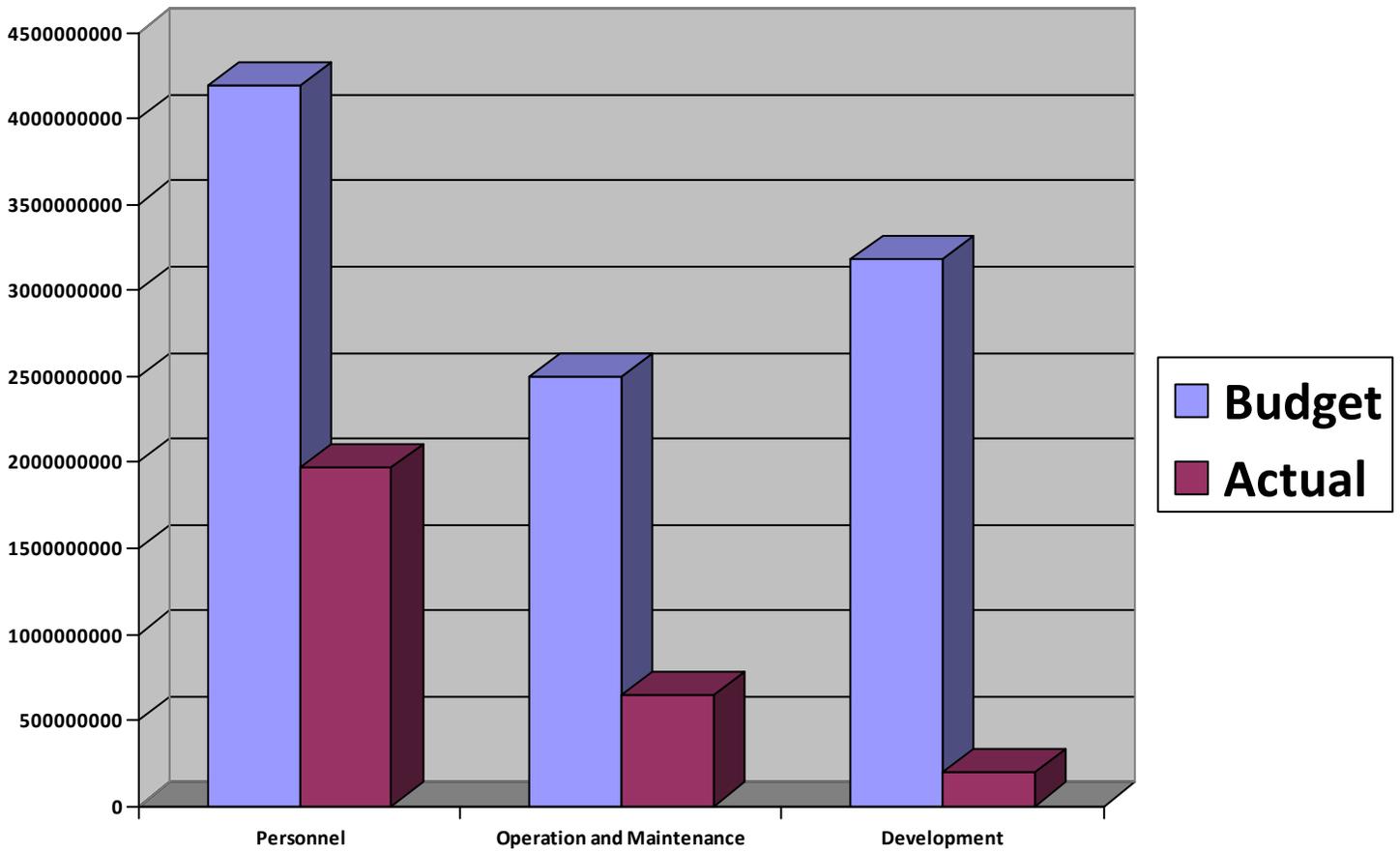


Table 2. Expenditure Classes

1. Personnel	4,187,981,636	1,969,266,224	47%
2. Operations and Maintenance	2,499,657,055	654,717,500	26%
3. Development	3,182,659,446	195,106,862	6%
TOTAL	9,870,298,137	2,819,090,586	29%

Figure 4. To Compare Budgeted Expenditure and Actual Expenditure up to 31st December, 2014. SEE APPENDIX 2.



Response to Overview of the County's Performance for FY 2014/2015

The following strategies will be employed to raise the revenue for the County to ensure that the planned revenue is surpassed or as far possible or be at par:-

1. **Valuation Roll.** For the last ten years the now defunct local authority has operated without an up to date valuation roll. In the 2014/2015 the County Government allocated funds towards preparation of a new valuation roll that will improve revenue and enhance service delivery.
2. **Revenue Management Master Plan.** The County Government ability to generate revenue through taxation is limited because the National Government prerogative of imposing taxes and determining tax rates. Therefore World Bank in conjunction with other partners have developed training which will result in improvement in revenue collection from currently available revenue sources especially property rates, business licenses and service charges and additional source of revenue could be investigated.
3. **Enforcement of the Finance Acts and Regulations.** The County Government will ensure that the gazette fee and charges are collected according to the Finance Acts Regulations.
4. **New Sources of Revenue.** The County Government has started to pursue strong revenue collection and new sources of revenues from the devolved functions e.g. Betting and Gaming, Liquor Licensing, Museums, County Parks, Beaches, Recreation facilities, Ferries and Harbors and legislation on the revenue sharing from the Kenya Ports Authority.
5. **Automation of revenue collection.** The County inherited two computerized revenue collection applications from the defunct Municipal Council of Mombasa namely Local Authority Integrated Financial Operating Management System (LAIFOMS) and Seasonal Ticketing System (STS).The STS provide a public service ticketing revenue collection solution that covers tuktuks, matatus, taxis, buses and mini buses. The LAIFOMS system facilitates the collection of revenue items which is based on Kenya Gazette Notice No.

441 of 31st January 2012. The County intends to introduce Pay bill Services to improve service delivery to its consumers by automating revenue collection points.

6. **Capacity building of revenue collectors and enforcement officers.** In order to improve revenue collection refresher courses should be conducted for various revenue collectors and enforcement officers to enhance technical competences. Also automation of the collection system will ensure efficiency, effectiveness and minimize defaulters.
7. **Review of Fees and Charges**
8. **Outsourcing revenue collection to third party**
9. **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 should also be frequently rotated to new stations to avoid familiarity.
10. **Regular monitoring of revenue collection points to enhance accountability and seal corruption loopholes.**

FISCAL POLICY AND BUDGET FRAMEWORK

Overview

The 2015/16 Medium-Term Fiscal Framework aims at striking an appropriate balance between fiscal consolidations and supporting growth in the County Government, all these within sustainable public finances. Further, the policy aims at shifting more public resources from recurrent to capital investment so as to promote sustainable and inclusive growth. Specifically, the 2015/16 County Fiscal Strategy Paper emphasizes:

- 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, locally generated revenue and transfers from the National Government, shall be used in the implementation of development projects.
- The county will look into ways of enhancing revenue collection and achieving greater efficiency in terms of cost savings in recurrent expenditure to ensure priority is given to the development projects. Lean workforce will assist in checking the wage bill. This will create fiscal space for spending on infrastructure and other development programmes. This will further provide adequate room for future countercyclical fiscal policy in the event of a shock.
- In addition through various investment forums, the county intends to attract potential local and foreign investors and other development partners to assist in development of the county. The county has done an investor analysis and is approaching the identified willing potential investors.

Observing fiscal responsibility principles

The County Government recognizes that the fiscal stance it takes today will have implications into the future. Therefore, and in line with the Constitution and the Public Finance Management (PFM) Act of 2012, the principle of sharing the burdens and benefits of the use of resources and public borrowing between the present and future generation implies that we have to make prudent policy decisions today so that we do not impose unwarranted debt burden to our future generations.

Also to ensure that development portfolio is not crowded out by, we shall ensure adherence to the ratio of development to recurrent of at least 30:70 over the medium term, as set out in the law. Once the PFM regulations are finalized it is expected that the National and County Governments will respect ratios guiding the wage levels in general and expenditure management on items such as office goods and their pricing that should as much as possible reflect actual market prices.

Timelines on paying goods should be minimized to enable get competitive prices in the market and thus value for money.

In this regard, the County Government will observe the fiscal rules set out in the PFM law so as to entrench fiscal discipline.

Fiscal responsibility has become even more important since the Constitution requires the County Government to progressively provide for a minimum basic standard of economic and social rights to its citizens within available resources. In order for spending to increase on a sustainable basis to meet these basic needs, we should be prepared to match the increased expenditure demands with a corresponding increase in tax revenue yield through efficient collection, widening of tax bases, and reasonable tax rates. It is therefore imperative to reform and modernize the tax regimes to ensure stability of revenue effort, while at the same time continuing to restructure expenditure systems to ensure efficiency and create fiscal space required to fund these basic needs expenditures on sustainable basis.

Fiscal structural reforms

Underpinning the fiscal program are measures to raise the proportion of local revenue as a proportion of County's total revenue. This will be achieved through measures to simplify licenses and fees levies, improve compliance and use modern revenue collection system in order to eliminate leakages and to broaden revenue base.

On the expenditure side, the County Government will continue with expenditure management reforms to improve efficiency and reduce wastage in line with the PFM Act of 2012. Expenditure management will be strengthened with implementation of the Integrated Financial Management Information System (IFMIS) across departments. The County Treasury is also expected to operate a Single Treasury Account (STA) to ensure efficient and prudent management of County Government cash resources for effective

service delivery. STA is a unified structure of government bank accounts that enables consolidation and optimum utilization of government cash resources.

The County Government will institute measures to contain the public wage bill and release needed resources for development funding. These would include payroll cleansing, staff rationalization, identification and trimming off of excess personnel; The County Government will also enhance capacity of the County Government staff so as to encourage proper and transparent use of resources and encourage quality service delivery.

Deficit financing policy

The borrowing plans will remain anchored in the medium term County Government Debt Management Strategy Statement which is built on ensuring public debt sustainability. The medium-term fiscal stance envisages borrowing from development partners on concessional terms. The County Government will ensure that the level of borrowing is sustainable.

The county will borrow short term and long term loans to assist in financing development projects that will have higher multiplier effect on the development of the county. The county shall encourage Public Private Partnerships to implement some of the capital projects through Build Operate and Transfer (BOT) model.

Non-concessional borrowing will be limited to projects that guarantee revenue streams and support long-term growth. In the medium term, the County Government in consultation with the County Assembly will develop regulations for floating of securities and bonds through the capital market as revenue raising strategy.

2015/16 FY Budget Framework

The 2015/16 budget framework is set against the background of the medium-term macro-fiscal framework set out above, the County Government's strategic objectives as outlined in the CIDP, Second MTP and Vision 2030 and the broad development policies of the new Administration.

Revenue Projections

The FY 2015/16 budget targets total revenue amounting to 8.2 billion; including equitable share of Ksh 5.163 billion, Conditional grants Ksh 551 million, Loans and grants 22.3 million and local collected revenue of 2.4 billion. The total revenue allocated from the National Government as per the Division of revenue bill has increased by 987 million from 4.7 billion allocated in the year 2014/15 to 5.7 billion in 15/16 FY.

Expenditure Forecasts

The key policy documents guiding the County Government's funding allocation decisions is the County Integrated Development Plan which provides the updated development priorities by the County Government. In 2015/16, overall expenditures are matched with the available revenue. This implies a balanced budget.

In FY 2015/16, overall expenditure and net lending are projected at Ksh 8.2 billion from the estimated Ksh 9.9 billion in the FY 2014/15 budget; this is because the locally collected revenue has been projected guided by the recent trends. In 2012/13 Ksh 1.4 billion was collected, in 2013/14, Ksh 1.7 billion, in 2014/15, Ksh 2.0 billion and in 2015/16, there is a target of collecting Ksh 2.4 billion.

Recurrent Expenditure

Recurrent expenditures will amount to Ksh 5.6 billion compared with Ksh 6.7 billion in FY 2014/15, which is a reduction of Ksh 1.1 billion. There is a slight increase in the wage bill but this is matched with a drastic reduction in operations and maintenance expenditure.

With respect to goods and services, expenditure ceilings for County departments are determined by the funding allocation for goods and services in the previous year budget as the starting point. The ceilings are then reduced to take into account one- off expenditures in FY 2014/15 and then an adjustment factor is applied to take into account the general increase in prices.

The wage bill still continues to consume the highest percentage at 46%, at Ksh 3.8 billion.

Development Expenditure

In the FY 2015/16, 31% of the budget is earmarked for development as required by the PFM Act 2012.

Development expenditure is therefore projected at Ksh 2.6 billion. This is consistent with the objective of allocating adequate resources towards development outlays and the need to ensure completion of critical infrastructure. Most of the targeted projects and priority areas are expected to support critical infrastructure that will transform the county.

Continuing with prudent fiscal policy

Fiscal policy will continue to support economic activity within a context of sustainable public financing. The County Government will reorient expenditure towards priority programmes in health, land services, water and sewerage services, transport infrastructure and education under the medium-term expenditure framework (MTEF). This process will be strengthened with a revamped legislative framework to enable accommodation of critical programmes that will accelerate socio-economic development.

The improvement in procurement planning (following review of the Procurement and Disposal Act), is expected to increase the absorption capacity of project funds resulting in a higher investment level in development activities.

The overall fiscal balance (after grants) is projected to remain zero from 2014/15 and over the medium term. This will be the case since the County Government is expected to continue maintaining a balanced budget in 2015/2016 and over the medium term.

The FY 2014/2015 Appropriation Act and the General Warrant.

The Chairperson, Executive Committee Member of Finance assented to the FY 2014/2015 Supplementary Appropriation Act in January, 2015. The Act approved Ksh. 9.9 billion as the County Budget revenue; aggregate expenditure of Ksh 9.9 billion, comprising Ksh 3.2 billion as CAPEX, and Ksh 6.7 billion as Recurrent spending.

The spending composition Per Department resulting from the FY 2014/2015 Budgets is presented below. SEE APPENDIX 3 FOR PERCENTAGES

RECURRENT EXPENDITURE	Budget FY2014/2015
VOTE R3011 MOMBASA – THE EXECUTIVE	805,110,210
VOTE R3012 MOMBASA – COUNTY ASSEMBLY	405,030,990
VOTE R3013 MOMBASA – PUBLIC SERVICE BOARD	62,094,290
VOTE R3014 MOMBASA – FINANCE AND ECONOMIC PLANNING	1,839,029,276
VOTE R3015 MOMBASA – TOURISM DEVELOPMENT	107,649,452
VOTE R3016 MOMBASA – EDUCATION	198,333,117
VOTE R3017 MOMBASA – HEALTH	1,770,392,890
VOTE R3018 MOMBASA – WATER, ENVIRONMENT AND NATURAL RESOURCES	452,428,918
VOTE R3019 MOMBASA – YOUTH, GENDER AND SPORTS	202,115,875
VOTE R3020 MOMBASA – TRADE, ENERGY AND INDUSTRIAL DEVELOPMENT	165,091,796
VOTE R3021 MOMBASA – COUNTY PLANNING, LAND AND HOUSING	191,932,095
VOTE R3022 MOMBASA – TRANSPORT AND INFRASTRUCTURE	332,262,096
VOTE R3023 MOMBASA – AGRICULTURE, LIVESTOCK AND FISHERIES	156,167,686
TOTAL	6,687,638,691

DEVELOPMENT EXPENDITURE	Budget FY2014/2015
VOTE D3011 MOMBASA – THE EXECUTIVE	406,206,531
VOTE D3012 MOMBASA – COUNTY ASSEMBLY	31,350,000
VOTE D3013 MOMBASA – PUBLIC SERVICE BOARD	23,700,000
VOTE D3014 MOMBASA – FINANCE AND ECONOMIC PLANNING	510,438,900
VOTE D3015 MOMBASA – TOURISM DEVELOPMENT	51,635,603
VOTE D3016 MOMBASA – EDUCATION	188,000,000
VOTE D3017 MOMBASA – HEALTH	339,545,692
VOTE D3018 MOMBASA – WATER, ENVIRONMENT AND NATURAL RESOURCES	309,689,100
VOTE D3019 MOMBASA – YOUTH, GENDER AND SPORTS	80,890,502
VOTE D3020 MOMBASA – TRADE, ENERGY AND INDUSTRIAL DEVELOPMENT	414,569,980
VOTE D3021 MOMBASA – COUNTY PLANNING, LAND AND HOUSING	93,761,560
VOTE D3022 MOMBASA – TRANSPORT AND INFRASTRUCTURE	597,204,278
VOTE D3023 MOMBASA – AGRICULTURE, LIVESTOCK AND FISHERIES	135,667,300
TOTAL	3,182,659,446

Table3: To show the composition of various expenditures per department

MEDIUM TERM EXPENDITURE FRAMEWORK

RESOURCE ENVELOPE

The resource envelope available for allocation among the spending agencies is based on the medium term fiscal framework outlined in Section III:

The 2015/16 budget targets total revenue amounting to Ksh. 8.2 billion. The 2015/16 revenue shall comprise of Equitable Share amounting to Ksh. 5.2 billion, Conditional grants Ksh. 551 million, loans and grants 22.3 million and local collections amounting to Ksh. 2.4 billion.

Locally mobilized budget resources will finance about 30 percent of the budget in FY 2015/16.

Spending Priorities

The MTEF budgeting will adjust non-priority expenditures to cater for the priority sectors. The CIDP together with the county's priorities will largely guide resource allocation, going forward.

In addition, the Constitution and the PFM law require national and county governments to promote budgetary transparency, accountability and effective financial management of the economy and the public sector. Therefore, inefficient and wasteful public expenditure will be eliminated at all levels in order to promote public trust in government spending.

Overall, the MTEF budgeting will focus on priority sectors of, health, basic education, road infrastructure, land, water and sewerage services. The allocation to these sectors will continue to rise over the medium term.

The Fiscal Strategy FY 2015/16 & the Economic Objectives of the Government

This Chapter is dedicated to outlining Government's spending plans and the manner in which this expenditure will be funded over the FY 2015/2016. The fiscal strategy of the Government is guided by contemporary events which have impacted on the economy, the CIDP and the realities of the FY 2014/2015 actual revenue collections and expenditures. In this view, the 2015/2016 fiscal strategy paper has been designed to address 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 as a means of promoting long-term economic growth;
- Continue the 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;
- Rationalize the outlay on recurrent expenditure through the identification of cost-saving measures;
- Boost revenue receipts and identify and plug revenue leakages through audits of Revenue-generating units.

Summary of Medium Term Costs and Ceiling

DEPARTMENT	Actual FY 2013/2014	Budget FY 2014/2015	CEILING FY 2015/2016	PROJECTIONS	
				FY 2016/2017	FY 2017/2018
VOTE R3011 MOMBASA – THE EXECUTIVE	3,741,067,318	805,110,210	655,344,849	661,898,297	681,755,246
VOTE R3012 MOMBASA – COUNTY ASSEMBLY	327,917,321	405,030,990	493,000,000	497,930,000	512,867,900
VOTE R3013 MOMBASA – PUBLIC SERVICE BOARD	14,898,466	62,094,290	55,914,658	56,473,805	58,168,019
VOTE R3014 MOMBASA – FINANCE AND ECONOMIC PLANNING	87,894,593	1,839,029,276	550,963,079	556,472,710	573,166,891
VOTE R3015 MOMBASA – TOURISM DEVELOPMENT	18,389,143	107,649,452	104,936,164	105,985,526	109,165,091
VOTE R3016 MOMBASA – EDUCATION	374,218	198,333,117	274,594,978	277,340,928	285,661,156
VOTE R3017 MOMBASA – HEALTH	1,080,913,890	1,770,392,890	1,684,203,144	1,701,045,175	1,752,076,530
VOTE R3018 MOMBASA – WATER, ENVIRONMENT AND NATURAL RESOURCES	47,250,507	452,428,918	531,403,129	536,717,160	552,818,675
VOTE R3019 MOMBASA – YOUTH, GENDER AND SPORTS	73,303,310	202,115,875	152,001,275	153,521,288	158,126,926
VOTE R3020 MOMBASA – TRADE, ENERGY AND INDUSTRIAL DEVELOPMENT	11,389,949	165,091,796	293,661,838	296,598,456	305,496,410
VOTE R3021 MOMBASA – COUNTY PLANNING, LAND AND HOUSING	30,029,052	191,932,095	220,830,986	223,039,296	229,730,475
VOTE R3022 MOMBASA – TRANSPORT AND INFRASTRUCTURE	18,389,143	332,262,096	401,195,326	405,207,279	417,363,498
VOTE R3023 MOMBASA – AGRICULTURE, LIVESTOCK AND FISHERIES	124,188,090	156,167,686	182,625,856	184,452,115	189,985,678
TOTAL RECURRENT	5,576,005,000	6,687,638,691	5,600,675,282	5,656,682,033	5,826,382,494
				PROJECTIONS	
DEPARTMENT	Actual FY 2013/2014	Budget FY 2014/2015	CEILING FY 2015/2016	FY 2016/2017	FY 2017/2018
VOTE D3011 MOMBASA – THE EXECUTIVE	166,293,411	406,206,531	325,459,466	328,714,061	338,575,483
VOTE D3012 MOMBASA – COUNTY ASSEMBLY	0	31,350,000	25,118,145	25,369,326	26,130,406
VOTE D3013 MOMBASA – PUBLIC SERVICE BOARD	0	23,700,000	18,988,837	19,178,725	19,754,087
VOTE D3014 MOMBASA – FINANCE AND ECONOMIC PLANNING	0	510,438,900	408,972,187	413,061,909	425,453,766
VOTE D3015 MOMBASA – TOURISM DEVELOPMENT	0	51,635,603	41,371,309	41,785,022	43,038,573
VOTE D3016 MOMBASA – EDUCATION	0	188,000,000	150,628,746	152,135,033	156,699,084
VOTE D3017 MOMBASA – HEALTH	0	339,545,692	272,049,690	274,770,187	283,013,293
VOTE D3018 MOMBASA – WATER, ENVIRONMENT AND NATURAL RESOURCES	0	309,689,100	248,128,089	250,609,370	258,127,651
VOTE D3019 MOMBASA – YOUTH, GENDER AND SPORTS	0	80,890,502	64,810,824	65,458,932	67,422,700
VOTE D3020 MOMBASA – TRADE, ENERGY AND INDUSTRIAL DEVELOPMENT	0	414,569,980	332,160,405	335,482,009	345,546,469
VOTE D3021 MOMBASA – COUNTY PLANNING, LAND AND HOUSING	0	93,761,560	75,123,331	75,874,564	78,150,801
VOTE D3022 MOMBASA – TRANSPORT AND INFRASTRUCTURE	16,327,589	597,204,278	478,490,060	483,274,961	497,773,210
VOTE D3023 MOMBASA – AGRICULTURE, LIVESTOCK AND FISHERIES	0	135,667,300	108,698,911	109,785,900	113,079,477
TOTAL DEVELOPMENT	182,621,000	3,182,659,446	2,550,000,000	2,575,499,999	2,652,764,999
TOTAL RECURRENT AND DEVELOPMENT EXPENDITURE/REVENUE	5,758,626,000	9,870,298,137	8,150,675,282	8,232,182,032	8,479,147,493

Table 4: MTEF Estimated Costs and Ceiling.

Summary of Medium Term Revenue Projection per Department: Local Sources.

DEPARTMENT	Actual FY 2013/2014	Budget FY 2014/2015	CEILING FY 2015/2016	FY 2016/2017	FY 2017/2018
VOTE R3011 MOMBASA – THE EXECUTIVE	5,724,635	203,985,811	49,524,410	52,000,631	53,560,650
VOTE R3012 MOMBASA – COUNTY ASSEMBLY	0	771,479	2,014	2,115	2,178
VOTE R3013 MOMBASA – PUBLIC SERVICE BOARD	0			0	0
VOTE R3014 MOMBASA – FINANCE AND ECONOMIC PLANNING	14,918,331	73,213,429	35,845,686	37,637,970	38,767,109
VOTE R3015 MOMBASA – TOURISM DEVELOPMENT	7,638,263	58,843,325	10,458,266	10,981,179	11,310,615
VOTE R3016 MOMBASA – EDUCATION	952,589	25,532,475	324,261	340,474	350,689
VOTE R3017 MOMBASA – HEALTH	26,233,374	138,664,827	46,825,809	49,167,100	50,642,113
VOTE R3018 MOMBASA – WATER, ENVIRONMENT AND NATURAL RESOURCES	77,977,302	578,283,988	67,741,463	71,128,537	73,262,393
VOTE R3019 MOMBASA – YOUTH, GENDER AND SPORTS	1,883,743	8,320,613	2,623,881	2,755,075	2,837,728
VOTE R3020 MOMBASA – TRADE, ENERGY AND INDUSTRIAL DEVELOPMENT	766,978,364	1,821,207,183	973,461,488	1,022,134,562	1,052,798,599
VOTE R3021 MOMBASA – COUNTY PLANNING, LAND AND HOUSING	557,463,605	1,563,094,599	952,577,264	1,000,206,128	1,030,212,311
VOTE R3022 MOMBASA – TRANSPORT AND INFRASTRUCTURE	256,098,624	649,690,289	275,499,463	289,274,436	297,952,669
VOTE R3023 MOMBASA – AGRICULTURE, LIVESTOCK AND FISHERIES	0	0	0	0	0
TOTAL LOCAL REVENUE	1,715,868,830	5,121,608,018	2,414,884,007	2,535,628,207	2,611,697,054

Table 5: MTEF Estimated Revenue per Department..

Projected Revenues and Expenditure for FY 2015/2016

REVENUE/EXPENDITURE	AMOUNT (KSHS.)
Revenues	
National Government Equitable Share	5,162,547,630
Conditional Grant-Level 5 hospital	231,025,143
Conditional Grant-Free Maternal Health Care	136,246,600
Conditional Grant-compensation For User Fees Forgone	21,896,682
Conditional Grant-Allocation of leasing Medical Equipment	95,744,680
Conditional Grant-Road Maintenance Fuel Levy	66,030,539
Conditional Grant-Other Loans and Grants	16,000,000
DANIDA Grant- for Financing County Health Facilities	6,300,000
Total County Allocation	5,735,791,274
County Local Sources	2,414,884,008
Total Revenue	8,150,675,282
Expenditures	
Personnel	3,759,606,239
Operations Repair and Maintenance	1,841,069,043
CAPEX	2,550,000,000
Total expenditure	8,150,675,282
Surplus/(Deficit)	0.00

Table 6: projected 2015/2016 revenue and expenditure

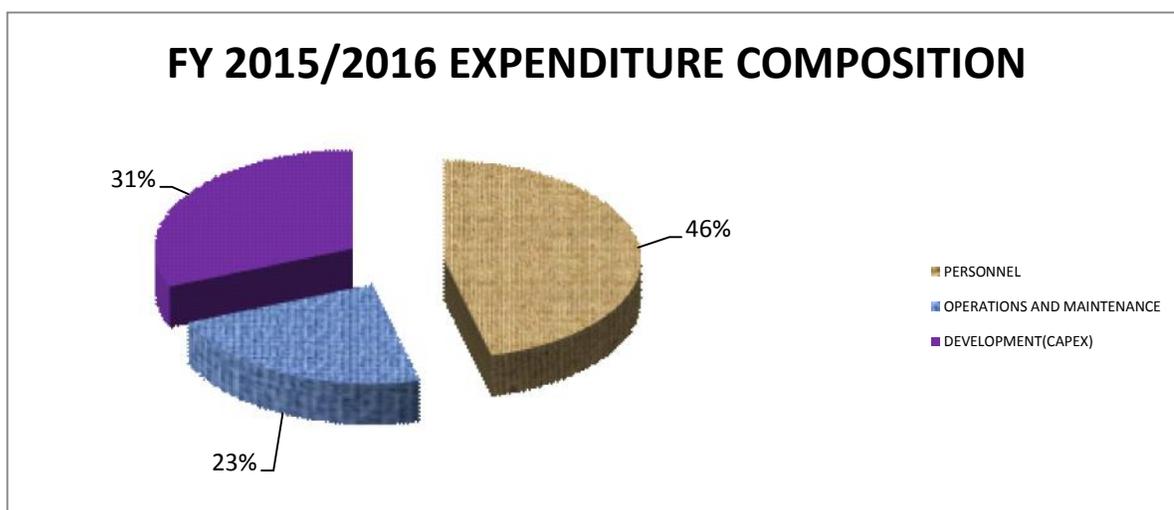


Fig 5: projected 2015/2016 Percentage expenditure

EXPENDITURE COMPOSITION PER DEPARTMENT

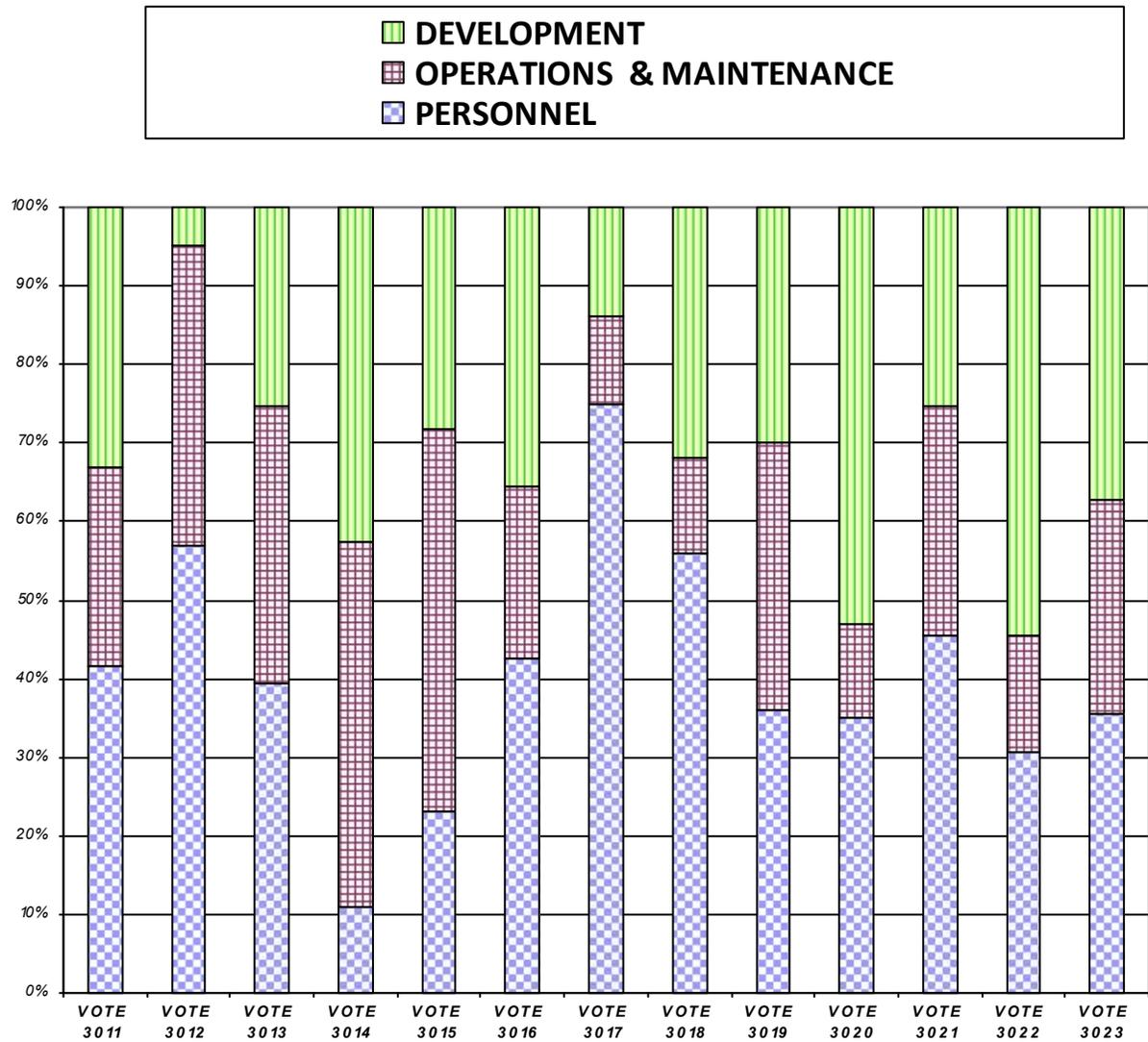


Figure 6. Expenditure Composition per Department

Baseline ceilings

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 including those from the defunct local authorities and those seconded from the National Government.

Development expenditures are shared out on the basis of the CIDP, Vision 2030, the second MTP priorities, Department's Annual Development Plans as well as other strategic interventions to deal with unemployment and remove constraints to faster growth as outlined by the manifesto of the new Administration. The following guidelines are used:

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

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

Finalization of spending plans

As indicated earlier, the finalization of the preparation of the detailed budgets will entail thorough scrutiny to curtail spending on non-productive areas and ensure resources are directed to priority programmes. As detailed budgets are scrutinized and the resource envelope firmed up, it is likely that additional resources may become available. The County Government will utilize these resources to accommodate key county strategic priorities with sound business plans. Specifically, the following will receive priority:

	Priority Areas of Consideration for Additional Resources
1.	Intervention identified during the county stakeholders consultation for 2015/16 MTEF budget.
2.	Strategic intervention in the area of road infrastructure (especially access roads), provision of clean and safe water, improvement in land services, investing in quality and accessible health care services and quality basic education 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.

Table 7: Priority Areas of Consideration for Additional Resources

Details of Sector Priorities

The medium term expenditure framework for 2015/16 – 2017/2018 ensures continuity in resource allocation based on prioritized programmes aligned to the CIDP, Second MTP (2013-2017) of the Vision 2030 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 reports from the Sector Working Groups (SWG).

CONCLUSION

The 2015 MTEF is marked by moderate growth in overall expenditure, taking into account the weaker global economic outlook and the need to stimulate economic growth. Expansion of infrastructure investment, while maintaining reasonable growth on social development continues to be a priority.

The set of policies outlined in this CFSP reflect the changed circumstances and are broadly in line with the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives pursued by the County Government as a basis of allocation of public resources. These strategic objectives are provided in the CIDP, second Medium Term Plan as well as the new Administration's priorities.

To spur growth and improve the welfare of the community, the County should only implement a balanced budget. The projected Deficit or Surplus for the FY 2015/16 is thus zero.

Finally in preparing the Fiscal Strategy Paper, it was assumed that the Finance Act and its amendments will be implemented to the letter and the National Government will contain inflation.

**APPENDIX 1-BUDGETED REVENUE 2014/2015,ACTUALS UPTO 31ST DECEMBER
2014 AND PROPOSED BUDGET 2015/2016**

**COUNTY GOVERNMENT OF MOMBASA
REVENUE ANALYSIS - DETAILED**

REVENUE	BUDGETED	ACTUALS	%AGE	PROJECTED
	FY	UPTO 31-12-	COLLECTION	FY
	2014/2015	14		2015/2016
	KSHS.	KSHS.		KSHS.
COUNTY EXECUTIVE				
Document Search Fee	1,520,837	153,500	10.09%	515,260
Sales of County's Minutes / Bylaws	20,110	0	0.00%	0
Valuation & Survey Fees	1,542,959	72,200	4.68%	242,357
Ground Rent- current Year	385,740	28,800	7.47%	96,674
Plot Transfer Fee	2,285,604	416,450	18.22%	1,397,915
Provisional Assessment Fees	2,111,576	1,421,500	67.32%	4,771,609
Consent to Sub-Lease	150,827	58,600	38.85%	196,705
Sales of County's Maps	231,444	0	0.00%	0
Technical Division	231,444	0	0.00%	0
Beacon Search pointing Fee	154,296	19,000	12.31%	63,778
Survey Fee	5,656,006	361,800	6.40%	1,214,469
Subdivision & Consolidation Fees	12,712,187	1,647,750	12.96%	5,531,072
Change of User	3,990,626	1,189,400	29.80%	3,992,509
Temporary Occupation Licence (TOL)	4,198,013	55,000	1.31%	184,621
Impounding charges	201,102	0	0.00%	0
Christmas Tree Fund	3,857,397	220,000	5.70%	738,483
Dog Licences	728,996	43,000	5.90%	144,340
Storage Fee	4,889,303	587,000	12.01%	1,970,408
Training/Learning Center Fee	2,639,470	0	0.00%	0
Court Fines	87,044,723	2,778,713	3.19%	9,327,423
Cash Bail	69,433,152	5,701,000	8.21%	19,136,787
	203,985,811	14,753,713	7.23%	49,524,410
COUNTY ASSEMBLY				
chamber hire	771,479	600	0.08%	2,014
	771,479	600	0.08%	2,014

FINANCE AND ECONOMIC PLANNING				
Debts Clearance Certificate Fee	42,570,210	6,012,000	14.12%	20,180,734
Cheque Clearance Fee	1,542,959	0	0.00%	0
Refund of Over Payment	2,421,467	1,085,695	44.84%	3,644,398
Interest From savings Accounts	385,740	0	0.00%	0
Revenue From Other Financial investments	385,740	0	0.00%	0
Consent to Charge Fee/Property certification Fee (Use as collateral)	794,355	175,500	22.09%	589,108
Incidental Charges	4,040,511	387,694	9.60%	1,301,389
Imprest	1,075,571	2,354,824	218.94%	7,904,537
Tender Documents Sale	3,795,809	663,000	17.47%	2,225,520
Sale of old Vehicle and Machinery	6,171,836	0	0.00%	0
Sale of old Office Equipment And Furniture	5,400,356	0	0.00%	0
Sale of Type 3 County Assets	4,628,877	0	0.00%	0
	73,213,429	10,678,713	14.59%	35,845,686
TOURISM				
Hotel Levy	26,441,188	3,115,600	11.78%	10,458,266
Betting And Control	13,886,630	0	0.00%	0
Local Tourism	18,515,507	0	0.00%	0
	58,843,325	3,115,600	5.29%	10,458,266
COUNTY EDUCATION				
	0	0		0
Inspection Schools for Registration	3,857,397	0	0.00%	0
Secondary & tertiary Institutions(Education comm)	3,857,397	0	0.00%	0
Hire of School Fields	3,236,744	0	0.00%	0
Hire of Classrooms	3,857,397	0	0.00%	0
Hire of School Halls	3,857,397	0	0.00%	0
Tuition Fees Public Nursery	2,237,264	96,600	4.32%	324,261
Research Charges	3,857,397	0	0.00%	0
Filming in Schools	771,479	0	0.00%	0
	25,532,475	96,600	0.38%	324,261
COUNTY HEALTH				

Age Assessment	2,567,902	0	0.00%	0
Medical Examination	2,567,902	0	0.00%	0
X-ray examination Fees	2,567,902	0	0.00%	0
Sundry Income	2,567,902	0	0.00%	0
0702-07-05 Mainland Dispensaries				
Cost Sharing Services	6,467,236	755,547	11.68%	2,536,176
0702-09-05 Magongo Health Centre				
Cost Sharing Services	1,825,573	213,276	11.68%	715,913
0702-10-05 Mvita Clinic				
Cost Sharing Services	448,125	52,353	11.68%	175,736
0702-12-05 Old County Dispensary				
Cost Sharing Services	6,661,378	778,228	11.68%	2,612,311
0702-13-05 Kongowea Health Centre				
Cost Sharing Services	1,333,323	155,768	11.68%	522,873
Premises Inspection Fees	4,279,837	0	0.00%	0
0702-14-05 Bamburi Health Sub-Centre				
Cost Sharing Services	1,546,605	180,685	11.68%	606,513
0702-15-05 Chaani Dispensary				
Cost Sharing Services	1,320,184	154,233	11.68%	517,720
0702-16-05 Mikindani Health Dispensary				
Cost Sharing Services	2,072,802	242,159	11.68%	812,865
0702-17-05 Ganjoni C.D. Centre				
Cost Sharing Services	728,659	85,127	11.68%	285,749
Premises Inspection Fees	3,681	430	11.68%	1,443
0702-19-05 Public Health Offices				
Innoculation Fee	2,139,919	0	0.00%	0
Medical Clearance Certificate Fees	2,023,421	236,390	11.68%	793,500
0702-20-05 Public Health Inspectorate				
Food Preparation Premises Hygenization	91,166,355	10,650,681	11.68%	35,751,588
Services Fee	1,283,951	0	0.00%	0
Health Inspection Fees	217,416	25,400	11.68%	85,261
Premises Inspection Fees	1,283,951	0	0.00%	0
0702-22-05 Shika Adabu Clinic				
Cost Sharing Services	621,612	72,621	11.68%	243,770
0702-23-05 Mtongwe Clinic				
Cost Sharing Services	653,805	76,382	11.68%	256,395
0702-24-05 Majengo Clinic				
Cost Sharing Services	76,241	8,907	11.68%	29,899
0702-26-05 Mvembe Tayari Clinic				

Cost Sharing Services	21,314	2,490	11.68%	8,358
0702-27-05 Ganjoni Clinic				
Cost Sharing Services	502,153	58,665	11.68%	196,923
0702-29-05 Mwakirunge Clinic				
Cost Sharing Services	178,469	20,850	11.68%	69,988
0702-30-05 Kisauni Clinic				
Cost Sharing Services	1,148,991	134,233	11.68%	450,586
0702-31-05 Miritini Clinic				
Cost Sharing Services	54,345	6,349	11.68%	21,312
0702-32-05 Jomvu Kuu Clinic				
Cost Sharing Services	132,341	15,461	11.68%	51,899
0702-33-05 Utange Clinic				
Cost Sharing Services	79,905	9,335	11.68%	31,335
0702-34-05 Maunguja Clinic				
Cost Sharing Services	121,624	14,209	11.68%	47,696
	138,664,827	13,949,779	10.06%	46,825,809
WATER,ENVIRONMENT AND NATURAL RESOURCES				
Game and Nature Park Fees	617,184	15,000	2.43%	50,351
Horticulture Consultation Fee	617,184	0	0.00%	0
Water Conservation	617,184	0	0.00%	0
0703-06-05 Cemeteries				
Cemeteries Charges	894,906	217,200	24.27%	729,084
0703-07-05 Mazeras Nurseries Unit				
Sale of Trees-Seedlings-Firewood-Flowers- Produce, etc.	1,542,959	0	0.00%	0
0703-14-05 Refuse Disposal (Nguu Tatu)				
Garbage Dumping Fee	63,292,061	134,100	0.21%	450,139
Refuse Collection Fee	9,640,348	521,200	5.41%	1,749,534
Land Scape Scheme	3,085,918	0	0.00%	0
Encroachment	23,046,343	154,000	0.67%	516,938
Removal Fees (Adverts, barriers, poles etc)	4,628,877	0	0.00%	0
Decorations Adverts on Vehicle	42,431,370	1,226,000	2.89%	4,115,366
Sign Boards & Advertisement Fee	427,869,655	18,011,417	4.21%	60,459,683
	578,283,988	20,180,717	3.49%	67,741,463
YOUTH GENDER AND SPORTS				

County plant And Equipments Hire	1,188,659	0	0.00%	0
Stadium Hire	1,188,659	174,695	14.70%	586,406
Stadium Entrance Fee	1,188,659	56,980	4.79%	191,267
Chamber Hire	1,188,659	0	0.00%	0
Social Hall Hire	1,188,659	416,000	35.00%	1,396,405
Hire of County Grounds	1,188,659	134,000	11.27%	449,803
Tononoka Bar & Restuarent Rent	1,188,659	0	0.00%	0
	8,320,613	781,675	9.39%	2,623,881
TRADE ENERGY AND INDUSTRY				
Other Property Charges	178,822,596	1,747,140	0.98%	5,864,698
Application Fee	3,857,397	0	0.00%	0
Ambulant Hawkers licences(other than BSS permits)	6,171,836	0	0.00%	0
Sand, Gravel, and Ballast Extraction Fees	619,553,308	161,840,226	26.12%	543,255,909
Mineral Extraction Royalties(Cement, Silica, etc)	43,202,850	6,764,368	15.66%	22,706,239
Incidental Charges	25,138	18,000	71.61%	60,421
Business Permits, Current Year	593,846,540	76,188,255	12.83%	255,744,327
Business Permits Late Payment Penalties, Current Year	13,191,817	1,003,755	7.61%	3,369,347
Business Permits, Other Years (Including Penalties)	1,260,661	117,230	9.30%	393,511
Business Subletting / Transfer Fee	1,980,859	101,850	5.14%	341,884
0302-02-05 Mackinnon Market				
Market Stalls Rent	21,930,943	3,060,382	13.95%	10,272,913
Off loading	20,058,466	221,304	1.10%	742,860
0302-03-05 Makupa Market				
Market Stalls Rent	10,797,815	791,060	7.33%	2,655,384
0302-04-05 Mombasa Wholesale market				
Market Entrance / Gate Fee	143,475,068	16,525,619	11.52%	55,472,242
Market Stalls Rent(Rental store w/s mkt)	3,857,397	3,306,004	85.71%	11,097,403
Mitumba market	3,085,918	0	0.00%	0
Off loading	10,270,301	99,171	0.97%	332,891
Hawking Fee	56,574,889	11,304,313	19.98%	37,945,664
0302-05-05 Magongo Market				
Market Stalls Rent	5,555,385	1,106,149	19.91%	3,713,057
Off loading	4,628,877	0	0.00%	0
0302-06-05 Likoni Open Air Market				

Market Stalls Rent	3,727,690	36,250	0.97%	121,682
0302-07-05 Port Tudor, Kongowea & Likoni Market				
Market Stalls Rent	777,642	50,800	6.53%	170,523
0302-08-05 Sega Market				
Market Stalls Rent	6,483,820	1,008,900	15.56%	3,386,617
Off loading	3,857,397	283,431	7.35%	951,405
0302-09-05 Chaani Open Air Market				
Market Stalls Rent	12,535,025	784,650	6.26%	2,633,868
0302-10-05 Mikiindani Market				
Market Stalls Rent	6,171,199	423,500	6.86%	1,421,580
0302-11-05 Mwembe Tayari Market				
Market Stalls Rent	6,688,120	755,068	11.29%	2,534,569
Off loading	3,085,918	368,421	11.94%	1,236,694
0302-12-05 Kisauni Retail Stall Market				
Market Stalls Rent	29,564,680	2,096,020	7.09%	7,035,799
0302-14-05 Migadini Market				
Market Stalls Rent	6,167,632	0	0.00%	0
	1,821,207,183	290,001,866	15.92%	973,461,488
COUNTY PLANNING, LAND AND HOUSING				
Land Rates Current Year	540,035,623	126,062,280	23.34%	423,158,569
Land Rates Penalties	306,585,938	43,222,838	14.10%	145,087,922
Land Rates Other Years	1,388,663	64,670,807	4657.06%	217,083,224
Other Property Charges	771,479	26,900	3.49%	90,296
Ground Rent - Current Year	5,747,759	580,082	10.09%	1,947,186
Ground Rent - Other Years	1,424,559	878,167	61.64%	2,947,780
Administration Cost	16,191,390	350,530	2.16%	1,176,639
Plot Transfer Fee	1,667,893	68,000	4.08%	228,258
Document Search Fee	150,827	8,000	5.30%	26,854
County Premises Occasional Hire(Office,etc,)	3,085,918	0	0.00%	0
Allottees Documents	3,085,918	4,020	0.13%	13,494
County Plants & Equipments Hire	3,085,918	0	0.00%	0
County Premises monthly rent(Offices, etc)	3,085,918	0	0.00%	0
Instalment Fee (HDD Scheme)	4,746,143	193,160	4.07%	648,388
Annual Ground Rent (HDD Scheme)	5,675,588	593,265	10.45%	1,991,438

Material Loan (HDD Scheme)	3,085,918	0	0.00%	0
Plots Charges (HDD Scheme)	86,032,209	5,087,972	5.91%	17,079,010
Stand Premium	3,085,918	0	0.00%	0
Outright Payment	3,085,918	0	0.00%	0
Survey Fee	1,885,335	37,500	1.99%	125,878
Housing Estates Monthly Rent	263,878,991	20,985,697	7.95%	70,443,574
Hoarding & Scaffolding Charges	3,025,334	36,900	1.22%	123,864
Occupational Permits	16,001,846	2,155,127	13.47%	7,234,206
Building Permits	9,257,754	3,717,575	40.16%	12,478,941
Buildings Plan Preparation Fee	211,717,743	11,397,315	5.38%	38,257,848
Buildings Plan Approval Fee	35,220,400	1,865,156	5.30%	6,260,848
Buildings Inspection Fee	14,658,110	33,000	0.23%	110,772
Alterations and Extensions (permanent building)	3,085,918	0	0.00%	0
Misc -income & others	3,085,918	0	0.00%	0
Demolition of Structures	3,085,918	1,806,000	58.52%	6,062,276
Sub-division & consolidation	3,085,918	0	0.00%	0
Structural Submission/Approval Fees	3,085,918	0	0.00%	0
	1,563,094,599	283,780,291	18.16%	952,577,264
TRANSPORT,ROADS AND INFRASTRUCTURE				
Ship Construction / Repair & maintenance	3,857,397	0	0.00%	0
Digging poles	3,857,397	1,000	0.03%	3,357
Emptying cesspits Septic Soakage Pits	3,857,397	0	0.00%	0
Sewer Connection Charge	3,857,397	18,000	0.47%	60,421
Sewer Use Charge	3,857,397	0	0.00%	0
County Vehicles Hire	3,857,397	34,500	0.89%	115,808
Disposal of old machinery ,office etc	3,857,397	0	0.00%	0
Fire Inspection Fees	47,359,622	7,199,600	15.20%	24,167,201
Hearse Services Fee	701,345	1,800	0.26%	6,042
Fire-Fighting Services	2,083,924	93,600	4.49%	314,191
Road Reinstatement charges	3,857,397	37,000	0.96%	124,199
Drainage Certificate Charges	4,348,840	304,050	6.99%	1,020,617
Road Cutting Application Fees	1,696,802	183,700	10.83%	616,634
Other Vehicles Enclosed Park Fees (Cars, lorries, etc)	501,630	135,500	27.01%	454,839
Street Parking Fee	15,665,477	551,550	3.52%	1,851,411
Storage Fee	3,857,397	0	0.00%	0

Clamping Fee	3,857,397	0	0.00%	0
Towing Fee.	87,983	35,900	40.80%	120,507
KAPS - Parking Fees		0	#DIV/0!	0
TLB Matatu Levy	532,736,913	69,953,000	13.13%	234,814,184
Penalties For Illegal Connections	3,857,397	0	0.00%	0
Right-of-Way / Way-Leave Fee (KPLN, Telkom, etc)	2,076,383	3,524,266	169.73%	11,830,052
	649,690,289	82,073,466	12.63%	275,499,463
AGRICULTURE				
Fisheries				
Agriculture				
TOTAL LOCAL SOURCES	5,121,608,018	719,413,020	14.05%	2,414,884,007
FINANCE AND ECONOMIC PLANNING				
National Government.	4,535,164,921	2,022,498,013	44.60%	5,162,547,630
COUNTY HEALTH				
COUNTY HEALTH-Conditional Grants Level 5 Hospital	209,605,198	113,186,808	54.00%	566,943,644
COUNTY HEALTH-Donor-(DANIDA)	3,920,000	1,960,000	50.00%	6,300,000
TOTAL NATIONAL GOVT TRANSFERS	4,748,690,119	2,137,644,821	45.02%	5,735,791,274
TOTAL REVENUES	9,870,298,137	2,857,057,841	28.95%	8,150,675,281

**APPENDIX 2-BUDGETED EXPENDITURE 2014/2015,ACTUALS UPTO 31st
DECEMBER 2014 AND PROPOSED BUDGET 2015/2016**

MOMBASA COUNTY				
EXPENDITURE ANALYSIS PER DEPARTMENT				
DEPARTMENT	BUDGETED	ACTUALS	%AGE	PROJECTED
	FY 2014/2015	UPTO 31-12-14	UTILIZATION	FY 2015/2016
3011 - COUNTY EXECUTIVE	KSHS	KSHS		KSHS
PERSONNEL	543,367,247	261,006,192	48%	408,848,186
OPERATIONS & MAINTENANCE	261,742,963	76,181,980	29%	246,496,663
DEVELOPMENT	406,206,531	8,870,070	2%	325,459,466
TOTAL	1,211,316,741	346,058,242	29%	980,804,315
3012 - COUNTY ASSEMBLY		TOTAL PAYMENTS		
		Kshs.		
PERSONNEL	216,684,544	145,656,105	67%	295,415,748
OPERATIONS & MAINTENANCE	188,346,446	80,797,044	43%	197,584,252
DEVELOPMENT	31,350,000	1,910,000	6%	25,118,145
TOTAL	436,380,990	228,363,149	52%	518,118,145
3013 - PUBLIC SERVICE BOARD		TOTAL PAYMENTS		
		Kshs.		
PERSONNEL	24,224,787	11,503,254	47%	29,609,551
OPERATIONS & MAINTENANCE	37,869,503	1,623,000	4%	26,305,107
DEVELOPMENT	23,700,000	0	0%	18,988,837
TOTAL	85,794,290	13,126,254	15%	74,903,495
3014 - FINANCE & ECONOMIC PLANNING		TOTAL PAYMENTS		
		Kshs.		
PERSONNEL	651,065,874	164,887,271	25%	106,001,739
OPERATIONS & MAINTENANCE	1,187,963,402	444,962,577	37%	444,961,340
DEVELOPMENT	510,438,900	26,952,125	5%	408,972,187
TOTAL	2,349,468,176	636,801,973	27%	959,935,266

3015 – TOURISM		TOTAL PAYMENTS		
		Kshs.		
PERSONNEL	23,774,460	11,102,335	47%	33,890,436
OPERATIONS & MAINTENANCE	83,874,992	0	0%	71,045,728
DEVELOPMENT	51,635,603	3,285,103	6%	41,371,309
TOTAL	159,285,055	14,387,438	9%	146,307,473
3016 - EDUCATION		TOTAL PAYMENTS		
		Kshs.		
PERSONNEL	151,236,998	74,262,281	49%	181,265,677
OPERATIONS & MAINTENANCE	47,096,119	7,050,207	15%	93,329,301
DEVELOPMENT	188,000,000	0	0%	150,628,746
TOTAL	386,333,117	81,312,488	21%	425,223,724
3017 – HEALTH		TOTAL PAYMENTS		
		Kshs.		
PERSONNEL	1,451,956,411	727,894,598	50%	1,463,663,223
OPERATIONS & MAINTENANCE	318,436,479	6,393,237	2%	220,539,921
DEVELOPMENT	339,545,692	3,756,600	1%	272,049,690
TOTAL	2,109,938,582	738,044,435	35%	1,956,252,834
3018 - WATER, ENVIRONMENT AND NATURAL RESOURCES		TOTAL PAYMENTS		
		Kshs.		
PERSONNEL	403,673,733	221,486,148	55%	435,868,072
OPERATIONS & MAINTENANCE	48,755,185	25,976,664	53%	95,535,057
DEVELOPMENT	309,689,100	0	0%	248,128,089
TOTAL	762,118,018	247,462,812	32%	779,531,218
3019 - YOUTH,GENDER AND SPORTS		TOTAL PAYMENTS		
		Kshs.		
PERSONNEL	147,500,875	78,924,141	54%	77,877,095
OPERATIONS & MAINTENANCE	54,615,000	182,383	0%	74,124,180
DEVELOPMENT	80,890,502	0	0%	64,810,824
TOTAL	283,006,377	79,106,524	28%	216,812,099

3020 -TRADE,ENERGY AND INDUSTRIAL DEVELOPMENT		TOTAL PAYMENTS		
		Kshs.		
PERSONNEL	110,052,259	45,812,268	42%	218,634,483
OPERATIONS & MAINTENANCE	55,039,537	725,279	1%	75,027,355
DEVELOPMENT	414,569,980	64,441,068	16%	332,160,405
TOTAL	579,661,776	110,978,615	19%	625,822,243
3021 - COUNTY LAND, PLANNING AND HOUSING		TOTAL PAYMENTS		
		Kshs.		
PERSONNEL	107,159,059	50,604,189	47%	134,809,845
OPERATIONS & MAINTENANCE	84,773,036	2,080,217	2%	86,021,141
DEVELOPMENT	93,761,560	2,579,936	3%	75,123,331
TOTAL	285,693,655	55,264,342	19%	295,954,317
3022 - TRANSPORT AND INFRASTRUCTURE		TOTAL PAYMENTS		
		Kshs.		
PERSONNEL	270,534,312	133,339,065	49%	270,419,397
OPERATIONS & MAINTENANCE	61,727,784	8,327,202	13%	130,775,929
DEVELOPMENT	597,204,278	83,311,960	14%	478,490,060
TOTAL	929,466,374	224,978,227	24%	879,685,386
3023 - AGRICULTURE,LIVESTOCK AND FISHERIES		TOTAL PAYMENTS		
		Kshs.		
PERSONNEL	86,751,078	42,788,377	49%	103,302,786
OPERATIONS & MAINTENANCE	69,416,608	417,710	1%	79,323,070
DEVELOPMENT	135,667,300	0	0%	108,698,911
TOTAL	291,834,986	43,206,087	15%	291,324,767
GRAND TOTAL	9,870,298,137	2,819,090,586	29%	8,150,675,282

APPENDIX 3- DEPARTMENTAL PERCENTAGE ALLOCATIONS OVER THE MEDIUM TERM.

DEPARTMENT	Actual FY 2013/2014		Budget FY 2014/2015	DEPARTMENT ALLOCATION % OF BUDGET	CEILING FY 2015/2016	DEPARTMENT ALLOCATION % OF BUDGET	FY 2016/2017	DEPARTMENT ALLOCATION % OF BUDGET	FY 2017/2018	DEPARTMENT ALLOCATION % OF BUDGET
		ACTUAL FY2013/2014		FY2014/2015		FY2015/2016		FY2016/2017		FY2017/2018
VOTE R3011 MOMBASA – THE EXECUTIVE	3,907,360,729	67.85%	1,211,316,741	12.27%	980,804,315	12.03%	990,612,358	12.03%	1,020,330,729	12.03%
VOTE R3012 MOMBASA – COUNTY ASSEMBLY	327,917,321	5.69%	436,380,990	4.42%	518,118,145	6.36%	523,299,326	6.36%	538,998,306	6.36%
VOTE R3013 MOMBASA – PUBLIC SERVICE BOARD	14,898,466	0.26%	85,794,290	0.87%	74,903,495	0.92%	75,652,530	0.92%	77,922,106	0.92%
VOTE R3014 MOMBASA – FINANCE AND ECONOMIC PLANNING	87,894,593	1.53%	2,349,468,176	23.80%	959,935,266	11.78%	969,534,618	11.78%	998,620,657	11.78%
VOTE R3015 MOMBASA – TOURISM DEVELOPMENT	18,389,143	0.32%	159,285,055	1.61%	146,307,473	1.80%	147,770,548	1.80%	152,203,664	1.80%
VOTE R3016 MOMBASA – EDUCATION	374,218	0.01%	386,333,117	3.91%	425,223,724	5.22%	429,475,961	5.22%	442,360,240	5.22%
VOTE R3017 MOMBASA – HEALTH	1,080,913,890	18.77%	2,109,938,582	21.38%	1,956,252,834	24.00%	1,975,815,362	24.00%	2,035,089,823	24.00%
VOTE R3018 MOMBASA – WATER, ENVIRONMENT AND NATURAL RESOURCES	47,250,507	0.82%	762,118,018	7.72%	779,531,218	9.56%	787,326,530	9.56%	810,946,326	9.56%
VOTE R3019 MOMBASA – YOUTH, GENDER AND SPORTS	73,303,310	1.27%	283,006,377	2.87%	211,812,099	2.60%	213,930,220	2.60%	220,348,127	2.60%
VOTE R3020 MOMBASA – TRADE, ENERGY AND INDUSTRIAL DEVELOPMENT	11,389,949	0.20%	579,661,776	5.87%	625,822,243	7.68%	632,080,465	7.68%	651,042,879	7.68%
VOTE R3021 MOMBASA – COUNTY PLANNING, LAND AND HOUSING	30,029,052	0.52%	285,693,655	2.89%	290,954,317	3.57%	293,863,860	3.57%	302,679,776	3.57%
VOTE R3022 MOMBASA – TRANSPORT AND INFRASTRUCTURE	34,716,732	0.60%	929,466,374	9.42%	894,685,386	10.98%	903,632,240	10.98%	930,741,207	10.98%
VOTE R3023 MOMBASA – AGRICULTURE, LIVESTOCK AND FISHERIES	124,188,090	2.16%	291,834,986	2.96%	286,324,767	3.51%	289,188,015	3.51%	297,863,655	3.51%
TOTAL	5,758,626,000	100%	9,870,298,137	100%	8,150,675,282	100%	8,232,182,032	100%	8,479,147,493	100%

APPENDIX 4-DEPARTMENTAL PERCENTAGE ALLOCATIONS OVER THE MEDIUM TERM.

DEPARTMENT		DEPARTMENT ALLOCATION % OF BUDGET			
	ACTUAL FY2013/2014	FY2014/2015	FY2015/2016	FY2016/2017	FY2017/2018
VOTE R3011 MOMBASA – THE EXECUTIVE	67.85%	12.27%	12.03%	12.03%	12.03%
VOTE R3012 MOMBASA – COUNTY ASSEMBLY	5.69%	4.42%	6.36%	6.36%	6.36%
VOTE R3013 MOMBASA – PUBLIC SERVICE BOARD	0.26%	0.87%	0.92%	0.92%	0.92%
VOTE R3014 MOMBASA – FINANCE AND ECONOMIC PLANNING	1.53%	23.80%	11.78%	11.78%	11.78%
VOTE R3015 MOMBASA – TOURISM DEVELOPMENT	0.32%	1.61%	1.80%	1.80%	1.80%
VOTE R3016 MOMBASA – EDUCATION	0.01%	3.91%	5.22%	5.22%	5.22%
VOTE R3017 MOMBASA – HEALTH	18.77%	21.38%	24.00%	24.00%	24.00%
VOTE R3018 MOMBASA – WATER, ENVIRONMENT AND NATURAL RESOURCES	0.82%	7.72%	9.56%	9.56%	9.56%
VOTE R3019 MOMBASA – YOUTH, GENDER AND SPORTS	1.27%	2.87%	2.60%	2.60%	2.60%
VOTE R3020 MOMBASA – TRADE, ENERGY AND INDUSTRIAL DEVELOPMENT	0.20%	5.87%	7.68%	7.68%	7.68%
VOTE R3021 MOMBASA – COUNTY PLANNING, LAND AND HOUSING	0.52%	2.89%	3.57%	3.57%	3.57%
VOTE R3022 MOMBASA – TRANSPORT AND INFRASTRUCTURE	0.60%	9.42%	10.98%	10.98%	10.98%
VOTE R3023 MOMBASA – AGRICULTURE, LIVESTOCK AND FISHERIES	2.16%	2.96%	3.51%	3.51%	3.51%
TOTAL	100%	100%	100%	100%	100%

APPENDIX 5-DEPARTMENTAL CEILING FOR FY 2015/2016

DEPARTMENT	PERSONNEL	OPERATIONS AND MAINTENANCE	DEVELOPMENT
VOTE R3011 MOMBASA – THE EXECUTIVE	408,848,186	246,496,663	325,459,466
VOTE R3012 MOMBASA – COUNTY ASSEMBLY	295,415,748	197,584,252	25,118,145
VOTE R3013 MOMBASA – PUBLIC SERVICE BOARD	29,609,551	26,305,107	18,988,837
VOTE R3014 MOMBASA – FINANCE AND ECONOMIC PLANNING	106,001,739	444,961,340	408,972,187
VOTE R3015 MOMBASA – TOURISM DEVELOPMENT	33,890,436	71,045,728	41,371,309
VOTE R3016 MOMBASA – EDUCATION	181,265,677	93,329,301	150,628,746
VOTE R3017 MOMBASA – HEALTH	1,463,663,223	220,539,921	272,049,690
VOTE R3018 MOMBASA – WATER, ENVIRONMENT AND NATURAL RESOURCES	435,868,072	95,535,057	248,128,089
VOTE R3019 MOMBASA – YOUTH, GENDER AND SPORTS	77,877,095	74,124,180	64,810,824
VOTE R3020 MOMBASA – TRADE, ENERGY AND INDUSTRIAL DEVELOPMENT	218,634,483	75,027,355	332,160,405
VOTE R3021 MOMBASA – COUNTY PLANNING, LAND AND HOUSING	134,809,845	86,021,141	75,123,331
VOTE R3022 MOMBASA – TRANSPORT AND INFRASTRUCTURE	270,419,397	130,775,929	478,490,060
VOTE R3023 MOMBASA – AGRICULTURE, LIVESTOCK AND FISHERIES	103,302,786	79,323,070	108,698,911
TOTAL	3,759,606,238	1,841,069,043	2,550,000,000