



## **SUBMISSION ON MOMBASA COUNTY BUDGET ESTIMATES 2023/24, SUBMITTED TO THE CLERK OF THE COUNTY ASSEMBLY OF MOMBASA.**

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Contact person,

Ms. Josephine Nyamai W.  
Budget Coordinator,  
Coast Regional Budget Hub (CRBH),  
Co-Founder, Budget Talk Global,  
Email: [jnyamai70@gmail.com](mailto:jnyamai70@gmail.com)

### **1.0. INTRODUCTION**

The PFM Act requires counties to use Programme Based Budget (PBB) in the preparation of Budget Estimates. The PBB format is meant to organize the budget around programmes with clear objectives, indicators and targets that are measurable and achievable. The Budget Estimates are prepared following Section 125(e) of the Public Finance Management Act (PFM) 2012.

The Coast Regional Budget Hub is a platform for Public Finance Management (PFM) practitioners, that brings together regional voices for collective efforts and synergy to enhance public budgets and services across the Coast Region of Kenya. The Hub and Budget Talk Global are pleased to present this submission, on Mombasa County Budget Estimates, 2023/24 following the call for submission by the Clerk of the County Assembly and in the spirit of public participation, under articles 10, 174(c) and article 201 of the Constitution of Kenya, 2010. This submission specifically focuses on revenue, expenditure, county priority areas, sector analysis and public participation as captured in the following sections.

### **2.0. REVENUE**

The total projected revenue in Financial Year 2023/24 amounts to Kshs.13.70 billion shillings representing a 0 percent change from 2022/23. There is a notable increase in the national government's equitable share, but a drastic reduction for conditional grants by 3.89% and 36.66% respectively. Importantly, there is a notable increase in the projected county local revenue of 3.93%.

Issue: The PBB 2023/24 does not provide a breakdown of the conditional grants and the county's source revenue streams, thus we are unable to tell what grants have been reduced/removed and what local revenue streams will generate the increased revenue, as shown in the snippet 1, below. In the Financial year 2021/22, total exchequer issues (conditional grants and equitable share) accounted for 67.23% of the total revenue, while the local revenue accounted for 32.77% of the total revenue. In 2022/23, the total exchequer issues are expected to account for 64.86% of the total revenue, of which 9.62% is from conditional grants. Importantly, the local revenue in 2022/23 is expected to contribute 35.14% of the revenue. There is notable concern, that the local revenue targets have been revised upward with 3.93% in 2023/24 despite consistent failure to attain the set targets in 2021/22 by 26%.

Projected FY 2021/2022 -2023/2024 Revenues and Expenditure						
REVENUE/EXPENDITURE PROJECTIONS	ACTUAL 2021/2022 (KSHS.)	Budget 2022/2023(KSHS.)	Projected 2023/2024 (KSHS.)	Change between 2023/24 and 2022/23	% change between 2022/23 and 2023/24	
<b>Revenues</b>						
National Government Equitable Share	6,961,965,735	7,567,354,061	7,861,523,820	294,169,759	3.89%	
Conditional Grants	465,307,533	1,318,144,954	834,955,333	-483,189,621	-36.66%	
Total Exchequer Issues	7,427,273,268	8,885,499,015	8,696,479,153	-189,019,862	-2.13%	
County Local Sources	3,619,632,553	4,814,500,985	5,003,520,847	189,019,862	3.93%	
Total Revenue	11,046,905,821	13,700,000,000	13,700,000,000	0	0.00%	
<b>Expenditures</b>						
Personnel	5,211,798,278	5,725,843,725	4,895,893,533	-829,950,192	-14.49%	
Operations Repair and Maintenance	3,192,291,589	3,574,156,275	3,740,610,956	166,454,681	4.66%	
Capital Expenditure	1,190,179,163	4,400,000,000	5,063,495,511	663,495,511	15.08%	
Total Expenditure	9,594,269,030	13,700,000,000	13,700,000,000	0	0.00%	
Source: County Treasury, 2023						

*Asks/Comments: The County Assembly needs to question and demand desegregated information on the own source streams and the conditional grants. Further, there is a need to set realistic targets for the local revenue following the constant revenue shortfalls in the previous years.*

### 3.0. EXPENDITURE

The total projected expenditure in 2023/24 amounts to Kshs.13.7 billion, out of which Kshs.4.89 billion (35.74%) will be spent on personnel costs, Kshs. 3.71 billion (27.3%) on operations and maintenance and Kshs.5.06 billion (36.96%) for capital-related expenditure.

There is a notable reduction of costs on personnel emoluments from 41.79% in 2022/23 to 35.74% in 2023/24, although it is still higher than the stipulated threshold on adherence to fiscal responsibilities as required by section 107 of the Public Finance Management Act, 2012 and county Government Regulations, 2015.1

Secondly, there is a notable increase in allocation in the development expenditure from 32.12% in 2022/23 to 36.96% in 2023/24. Whereas this is commendable, there is a concern when it comes to actual expenditure. For instance, in 2021/22, the actual development expenditure was only 12.41 % of the total expenditure (See the Snippet below).

Projected FY 2021/2022 -2023/2024 Revenues and Expenditure						
REVENUE/EXPENDITURE PROJECTIONS	ACTUAL 2021/2022 (KSHS.)	Actual contribution of revenue categories to total revenue	Budget 2022/2023(KSHS.)	Revenue Share of the total budget in 2022/23	Projected 2023/2024 (KSHS.)	Revenue and expenditure as a share of the total budget.
<b>Revenues</b>						
National Government Equitable Share	6,961,965,735	63.02%	7,567,354,061	55.24%	7,861,523,820	57.38%
Conditional Grants	465,307,533	4.21%	1,318,144,954	9.62%	834,955,333	6.09%
Total Exchequer Issues	7,427,273,268	67.23%	8,885,499,015	64.86%	8,696,479,153	63.48%
County Local Sources	3,619,632,553	32.77%	4,814,500,985	35.14%	5,003,520,847	36.52%
Total Revenue	11,046,905,821	100.00%	13,700,000,000	100.00%	13,700,000,000	100.00%
<b>Expenditures</b>						
	ACTUAL expenditure	Actual expenditure by	Budget 2022/2023(KSHS.)	share of the total budget in	economic classification in	
Personnel	5,211,798,278	54.32%	5,725,843,725	41.79%	4,895,893,533	35.74%
Operations Repair and Maintenance	3,192,291,589	33.27%	3,574,156,275	26.09%	3,740,610,956	27.30%
Capital Expenditure	1,190,179,163	12.41%	4,400,000,000	32.12%	5,063,495,511	36.96%
Total Expenditure	9,594,269,030	100.00%	13,700,000,000	100.00%	13,700,000,000	100.00%
Source: County Treasury, 2023						

*Asks/ Comments: There is a need to ensure adherence to fiscal responsibilities as stipulated in the PFM Act 2012 and 2015 County regulations. Importantly, the county assembly needs to pay keen attention to supplementary budgets, as most changes in allocation happen during supplementary budgets, which are not submitted to the public nor uploaded in Mombasa County.*



#### 4.0. PROGRAMMES & SUB-PROGRAMMES

The PBB 2023/24 provides information on expenditure projection, broken down into recurrent and development, and further broken down as per economic classification. (See page 19). This is a good practice as stipulated in the County PFM Regulations 2015 30 (1) (c) “Budget proposals shall be submitted in the prescribed formats that support Program-Budgeting and classification of expenditure in economic classes.” expenditures in economic classification are classified as follows: compensation to employees, use of goods and services, transfer to other levels of governments and capital expenditure in County PFM Act Regulations 2015 54 (2) (b).

#### 5.0. COUNTY PRIORITY AREAS

PBB 2023/24 provides priority areas to be undertaken by the county from pages 10-16.

##### *Education and Training – equity and inclusivity*

The county identifies education and training as one of the key priority departments in 2023/24. Part of the interventions in the department is to run a transparent bursary scheme and institute a school feeding programme. A quick analysis of the education department, from page 72, the department has provided allocation for six programmes, but on page 77, the department does not provide specific interventions under each programme. However, in review of the County Annual Development Plan (ADP) 2023/24, from pages 24-29, the Elimu fund and Childcare programme are not included, yet they are in the PBB 2023/24. Notably, there is a wrong measure of targets as the ADP 2023/24 indicates that, bursary allocation will be based on the total amount of money disbursed, and not the number of students/beneficiaries benefiting from the fund.

*Comments/Asks: There is a need to align the programmes provided in PBB 2023/24 and those in ADP 2023/24 as the ADP is the basis of budgeting. Secondly, the county Assembly needs to demand the corresponding matching non-financial information in the Programme Based Budget 2023/24.*

Whereas the department means well in ensuring more beneficiaries in the bursary scheme, without desegregated information on how many boys and girls benefitted from the bursary and from what wards and information on the criteria of allocation, the department might not achieve equity and responsiveness in addressing educational needs of the youth in Mombasa County. There are so many interventions to be undertaken as priority areas, and given the available resources, the department may want to prioritize the needs.

#### 6.0. SECTOR-SPECIFIC ANALYSIS

##### *i. WATER, NATURAL RESOURCES AND CLIMATE CHANGE RESILIENCE*

Access to water remains a big challenge in Mombasa County, despite water being a priority area in the previous CIDP 2018-2022, and with daily supply standing at 30,000 cubic meters, against a daily demand of 185,000 cubic meters. We note the decrease in the departmental share of the total budget in 2023/24 to 2.5 per cent, with a total allocation of Kshs.336,000,000. The following is the allocation at programme level. Allocation towards water supply and management takes 6.71% of the total budget and there is an introduction of a new programme, known as climate resilience.

Department of Water and sanitation 2023/24-2025/26 in million shillings					
PROGRAMME		Estimates 2023/2024	Programme share of the total budget in 2023/24	Projected Estimates	
				2024/2025	2025/2026
P1	General Administration, Planning and Support Services	225,075,000	66.99%	269,184,576	283,103,034
P2	Natural Resources Management	29,025,000	8.64%	36,878,000	45,565,800
P3	Sanitation Services and Management	12,550,000	3.74%	16,041,274	17,645,402
P4	Water Supply and Management	22,550,000	6.71%	34,892,000	38,381,200
P5	Renewable Energy	9,500,000	2.83%	10,000,000	20,000,000
P6	Climate Resilience	37,300,000	11.10%	50,000,000	54,000,000
<b>Total Vote</b>		<b>336,000,000</b>	<b>100.00%</b>	<b>416,995,851</b>	<b>458,695,436</b>
Source: PBB 2023/24					

Issues: On page 101, the PBB provides the non-financial information of only 4 programmes, whereas the other two programmes, that is renewable energy and climate resilience, there are no key performance indicators. Despite this information being provided in CADP 2023/24, the same should be in PBB 2023/23.

*Asks/Comments: The department needs to invest in aligning the non-financial information with financial information. Importantly, there is a need to provide capital projects with all the information including the location, allocation, timelines, targets, and the implementing partner, given that the water department is donor reliant.*

## 7.0. PUBLIC PARTICIPATION

According to the County Budget Transparency Survey (CBTS) [CBTS 2022](#) by the International Budget Partnership Kenya, 2022, information on public participation in budget documents remains low. This challenge is equally alive in Mombasa County. PBB 2023/24 does not provide any information on how public inputs were taken into consideration and how they influenced final decisions and priorities in the budget.

*Ask/Comments: There is a need for continued public engagement in influencing the priorities and decisions in the budget throughout the budget cycle. The County Assembly needs to demand public participation documentation from the County Executive.*