

MEMORANDUM



To:
The County Executive Committee Member,
Department of Finance and Economic Planning
County Assembly Buildings,
MOMBASA.

SUBJECT: Evaluation of the County Budget Review and Outlook Paper (CBROP) in the Department of Health, Department of Youth, Gender, Sports, Culture, and Water, Natural Resource & Climate Resilience.

Introduction

Budget champions 001 is a network of individuals with a strong interest in public finance and the budgeting process. It forms a part of the broader Coast Regional Budget Hub, which hosts budget facilitators from the entire coastal region. These facilitators receive intensive training on how to analyze budget documents for both county and national governments. The Champions have been advocating for timely access to budget documents, the establishment of a County budget Economic Forum, and enhanced public participation at the ward level.

The Kenyan Constitution mandates public participation in public financial management. According to Article 201(a), public participation in public finance is not just a constitutional principle but also a mandatory requirement for governments at both the National and County levels. In line with Section 118 of the Public Finance Management (PFM) Act, the County Treasury is mandated to prepare a County Budget Review and Outlook Paper (CBROP) for each financial year. This document provides an overview of the government's financial performance for the FY 2022/23, including compliance with fiscal responsibility principles and financial objectives outlined in the PFM Act. It also contains macro-economic projections and sector ceilings for FY 2023/24, along with information on deviations from the projections specified in the 2023 Budget Policy Statement.

According to the PFM law (Section 15):

- a) Over the medium term, a minimum of 30% of the budget should be allocated to development expenditure.
- b) Government expenditure on wages and benefits for public officers must not exceed a certain percentage of government revenue, as prescribed by regulations (35%) in the Public Finance Management Regulations 2015.

Department of Youth, Gender, Sports, and Cultural Affairs Analysis

Observation

The department shows a significantly lower absorption rate for development expenditure when compared to recurrent expenditure.

Revised allocation – 623,366,425

Recurrent allocation – 112,549,636 @ 18.1%;

Development allocation – 34,132,607 @ 5.4%;

Total absorption rate - 146,682,243 @ 23.5%, indicating a notably low absorption rate.

Issue

The document does not sufficiently explain why the absorption rate in the Department of Youth, Gender, Sports, and Cultural Affairs was only 23%, in contrast to the total county absorption rate of 89%.

Recommendation

- The allocated funds in the department should be efficiently utilized and focused on development expenditure.
- It is recommended that the County Government of Mombasa refrains from reallocating youth funds to other departments.

Department of Health Analysis

Health has been identified as a priority program by the Mombasa County Government, classified under the core pillar. The government aims to increase investments in this sector for a significant impact on the economy and household welfare.

Observation

The CBROP 2023 indicates that 94% of the budget was allocated to recurrent budgets, while only 7% was allocated to development. The absence of grants allocation for the health department, despite evident needs, poses challenges for the county. While the budget expenditures have increased, the quality of services and health infrastructure remains sub-optimal.

The increment in Clinic Cost Sharing Charges for 2024/2025 raises questions about the basis for this decision, and there is a need for detailed reports and explanations. The rise in recurrent departmental ceilings by 3.5 billion suggests the prediction of increased employment. Clarity is required on whether this is influenced by economic conditions and to what extent.

For the development, departmental ceilings for FY 2023/2024, multiple units show a decrease in the original budget, final budget, and actual expenditure, with Promotive Services Unit and Special Programs having zero-budget expenditure. This is concerning as these units address many youth-related issues through budget allocation and implementation.

Recommendations

- Revenue payments collected by health facilities should be channeled internally to support development and recurrent aspects in all county facilities.
- Resource mobilization should be pursued to expand development partner support for county government programs, particularly benefiting the community and the most vulnerable.
- Re - evaluation of priorities, such as reviewing Collective Bargaining Agreements (CBAs) for health facility service providers and staff hiring frequencies, and promoting integrated service provision and health infrastructure improvements.
- Encouraging health facilities to invest in research to generate income for the facilities.

- Allocation of funds for special programs targeting young people to support the establishment of 8 containers for youth-friendly services in Mombasa.

Department of Water, Natural Resources and Climate Resilience

Observation

An increase of 2,481,375 observed on recurrent expenditure about 5.2% increase on final budget from 48,007,492 to 50,488,867. A decrease of 33,220,138 in development expenditure whereby the final budget was 625,000,000 but only 591,779,862 was spent. As much as 87.9% spent, no tangible development has been realized in the community.

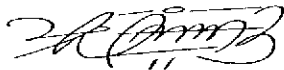
Water Supply Headquarters 5,042,276 recurrent expenditure was spent but zero budget was allocated for development expenditure. While there is notable recurrent expenditure on this program, development expenditure registered 0% that seeks clarity why no development was undertaken yet a budget of 13,000,000 was allocated and at the same time people of Mombasa face water scarcity due to inadequate water supply by the county. The department of Natural Resources had a budget of 10,000,00 in development expenditure but zero budget on the final expenditure.

Recommendations

Mombasa County has plenty of natural resources, therefore need to strengthen development expenditure for the natural resources as it has a high potential for Own Source Revenue. The public money allocated for Mombasa Water and Sanitation Company limited must be budgeted and accounted for in the quarterly implementation reports.

Thank you for your attention to this matter.

Yours Sincerely,



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Department of Water, Natural Resources and Climate Resilience

Department of Public Service Administration, Youth, Gender, Social Services & Sports

Department of Health