

**AN INVESTIGATION INTO FACTORS THAT HINDER MUNICIPAL
COUNCIL OF MOMBASA FROM UTILIZING ITS FINANCES
EFFECTIVELY FOR SUSTAINABLE SERVICE DELIVERY**

BY

OBERA BENARD/MESHACK

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MAY 2008

Meshack Obara Benard
*An investigation into
factors that hinder*



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DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university.

Signed *Benard*

Date 17/6/08

OBERA BENARD MESHACK
D53/CE/11403/04

Supervisor's Approval

This research project has been submitted with my approval as a university supervisor.

Signed *Muturi*

Date 13-6-08

MR. J. MUTURI

Lecturer,

Department of Accounting and Finance.

Chairman's Approval

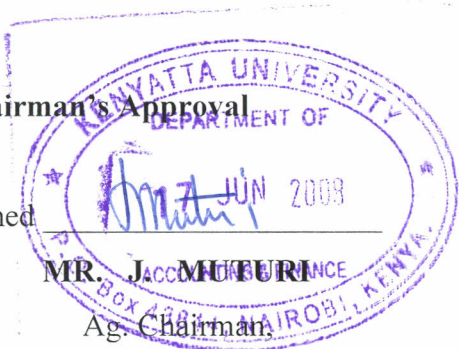
Signed *Muturi*

Date 13-6-08

MR. J. MUTURI

Ag. Chairman,

Department of Accounting and Finance.



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DEDICATION

This research project is dedicated to my beloved parents; Shadrack Obara and Wikister Obara for their sacrifice, inspiration, unrelenting encouragement and unswerving love they gave to me before their demise. May the almighty rest their soul in eternal peace.

ABSTRACT

The Kenyan Government is concerned with service delivery, proper financial management and accountability to its citizen. In line with this, the Chief executive officers of the Central Government and Government agencies are required to sign the performance contract, including in the ministry of Local Government. The performance contract is an agreement between the government and a manager of a public institution specifying expected levels of performance to be achieved. Currently, all public institution including Mombasa Municipal Council have come up with citizen's service delivery charter, a document that outlines the services they provide and the time it takes to deliver them. According to the Memorandum on Commission of Enquiry for City Status for Mombasa (2005), it was discovered that the council does not offer adequate and quality services in the following areas: - Street lighting, sewerage systems on the island and all mainland areas, storm water drainage system, access roads, way leaves for drainage and infrastructure on the mainland and housing among others. According to the Municipal Council of Mombasa annual report (2006) there are a number of shanties such as Tudor-Moroto and Bangladesh, and unauthorized structures that are mushrooming within the municipality as a result of inadequate provision of housing for low-income groups. The Public health department has also shown concern about the unhygienic conditions prevalent in most of the council's markets and canteens.

The survey conducted by the Mombasa Municipal Council (2006) indicated that the council's performance was below the expectations of its stakeholders. Both internal and external stakeholders concurred on the overall performance level of the council with 25% of the respondents ranking the performance as good and 75% ranking the services as unsatisfactory or unacceptable. This study therefore, sought to investigate factors that hinder the Municipal Council of Mombasa from utilizing its finances effectively for sustainable service delivery. The target population for the study comprised of the Mayor of Municipal Council of Mombasa, Chairmen of thirteen committees of the policy arms of the council, heads of eleven departments of the executive arm of the council and twenty councillors who were not chairmen totalling to forty five respondents. The study

employed census (total population strategy). The data was collected using self-administered questionnaires where 95% response rate was achieved. The primary data was checked for consistency and coded in SPSS computer software then both descriptive and inferential statistics were used to analyse the data. Correlation analysis, Chi-square test and factor analysis were performed, which enabled for the determination of factor significance, factor relationships and factor correlations at 95% level of significance. The results are presented using frequency tables, graphs and charts and the findings described using MS- word.

ABBREVIATIONS

C D C	Central District Council
L A T F	Local Authority Transfer Fund
M C M	Municipal Council of Mombasa
SDEL	Service Delivery
SPSS	Statistical Packages for Social Scientists
UNESCO	United Nations Educational, Scientific and Cultural Organization

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DEFINITION OF TERMS

- BUREAUCRATIC PROCEDURE:** excess paperwork and rules leading gross inefficiency.
- CENTRALISATION** : where little authority is exercised outside a key group of senior managers.
- DELIVERY** : to give what is expected or promised.
- DISEMPOWERMENT** : to lose capabilities, control or authorities.
- EFFECTIVELY** : Having the desired effect; producing the intended result, making stronger or pleasing impression.
- FINANCES** : The money available to a person, company or country.
- HINDER** : To prevent or delay progress.
- INVESTIGATION** : to discover and examine all the facts about something.
- LEADERSHIP** : the ability to influence people to willingly follow one's guidance or adhere to one's decision.
- ORGANISATION STRUCTURE:** an intangible web of relationship between people, their shared purposes and tasks they set themselves to achieve those purposes.
- SERVICE** : Work done or duties performed for government, company or people.
- SUSTAINABLE** : to keep going or to maintain.
- SYSTEM** : A collection of interrelated parts, which form whole.
- CLOSED SYSTEM** : Are those, which, for all practical purposes, are completely self-supporting practical purposes, are completely self-supporting and thus do not interact

with their environment, for example, a strict monastic community

OPEN SYSTEM

: Are those which interact with their environment, on which they rely for obtaining , essential inputs and for their discharge of system outputs, for example, a commercial enterprise.

UTILIZING

: Making use of.

CHAPTER ONE

INTRODUCTION

1.1.0 Background of the study

Local governments are administrative offices of an area smaller than a state. The term is used to contrast with offices at nation-state level, which are referred to as the central government, or federal government. It includes a city, county, parish, township, municipality, borough, board, district, or other general-purpose political subdivision of a state (Marshall, 2002). According to UNESCO (2007) local government refers to the level of government that is responsible for the day-to-day running of a ward, district, province or city.

1.1.1 Establishment of local authorities in Kenya

All local authorities are established under statutory authority; the local government act, cap 265 of the laws of Kenya. Under this law, all categories of local authorities are established, their functions and duties set out and their ultimate demise described (section 12, 28, 41 and 48). Municipal councils, town councils, county councils, urban councils, area councils and local councils are supposed to be established by the minister for local government (Government of Kenya, 1977).

1.1.2 Sources of local government finance

The current source of finance to local Authorities consists of two types – revenue finance and capital finance. Revenue finance is received through taxation in order to finance recurrent expenditure. The capital finance includes Local Authority Transfer Fund and road maintenance levy, which are used to carry out capital projects such as roads, water and sewerage schemes, residential houses and office accommodation (Akivaga, 2000).

1.1.3 Expenditure of Local Government Authorities

Local Authority expenditure is a response to the demands of the local community expressed in political terms at both national election for the provision of certain public good, which are not provided by the market. There are two types of expenditure of Local Authorities: - capital expenditure and revenue expenditure.

Expenditure on assets with a life of more than a year is termed, as capital expenditure while expenditure where benefits will be used up quickly, usually within a year is known as revenue expenditure. The cost of erecting a school by a local authority is an example of capital expenditure producing an asset with a 'life,' whilst the expenditure on the general maintenance of the school – cleaning, heating and lighting – is of a revenue nature. This distinction between capital and revenue expenditure is of great significance because it affects the way in which such expenditure may be financed (Hepworth, 1997).

1.1.4 The Origin of Municipal Council of Mombasa

Mombasa has been in existence as an established town thirty centuries ago. Ancient Phoenicians, Egyptians and Chinese historians have recorded Mombasa to have been a centre of thriving trade between the inhabitants of East African Coast and its hinterland and the Middle East which in turn connected Eastern Africa with Asia and Europe. Over the centuries it has been ruled in turns by native Africans, Arabs, Portuguese and the British (Shillington, 1989). Today, it is second largest town in terms of industrial base, population and area after the capital city Nairobi.

The Municipality covers Mombasa town and a number of estates namely Utange, Kiembeni, Bamburi, Kisauni, Nyali, Changamwe, Portreitz, Jomvu, Mikindani and Miritini among others. It

is surrounded by Kilifi and Kwale County Councils as its neighbours. According to Mombasa Municipal Council, its mission is:

“to facilitate improved and sustainable service delivery, economic empowerment of communities, attract investment and provide residents and visitors an enjoyable environment worthy of an exemplary city and holiday destination” (Municipal Council of Mombasa, 2006).

The mission above expresses the core function of the Council of providing sustainable service delivery such as education, fire brigade, town planning, refuse collection and disposal, drainage, sewerage, the suppression of nuisances, managing and controlling scavengers, vermin destruction, street lighting, the inspection of shops, food, housing and planning applications. In addition, it is responsible for provision of amenities such as cemeteries, parks and open spaces and entertainment facilities like stadia. Utilization of finances by the municipal council had not realized sustainable service delivery (2006) as articulated in its mission. This condition therefore, formed the basis of the research.

1.2.0 Statement of the Problem

According to the Municipal Council of Mombasa budget report of 2007/08, during the financial year 2005/06, the council managed to collect local revenue to the tune of Kshs. 1,057,726,088 against budget of Kshs. 991,534, 258, representing 106.7% collection in local revenue. The expected income for the financial year 2007/08 is Kshs. 1,599, 251, 212, against an expected expenditure of Kshs. 1,598, 043, 678, leaving a surplus of Kshs. 1, 207, 534 (M C M report, 2007).

However, according to Memorandum on Commission of enquiry for City Status for Mombasa (2005), it was discovered that the council does not offer adequate and quality services in the following areas: - Street lighting, sewerage systems on the island and all mainland areas, storm water drainage system, access roads, way leaves for drainage and infrastructure on the mainland and housing among others. According to the municipal council of Mombasa annual report (2006) there are a number of shanties such as Tudor-Moroto and Bangladesh, and unauthorized structures that are mushrooming within the municipality as a result of inadequate provision of housing for low-income groups. The public health department had also drawn the attention of the council to the unhygienic conditions prevalent in most of the council's markets and canteens.

The survey conducted by the Mombasa municipal (2006) on its current performance levels in its key areas of service delivery indicates that the council's performance was below the expectations of its stakeholders. Both internal and external stakeholders concurred on the overall performance level of the council with 25% of the respondents ranking the performance as good and 75% ranking the services as unsatisfactory or unacceptable. Therefore, it was imperative to find out why municipal council of Mombasa has not been able to utilize its finances effectively to achieve its function of sustainable service delivery as stated in its mission.

1.2.1 Purpose of the study

The purpose of this study was to improve service delivery to the various stakeholders in the MCM which includes the residents, business community and government by investigating factors that

hindered municipal council of Mombasa from utilizing its finances effectively for sustainable service delivery. Once these factors were established, it would help policy makers to come up with policies that would assist in utilization of finances in providing sustainable service delivery.

1.3.1 General objective

The overall objective of this research was to investigate factors that hindered utilization of local government finance in providing sustainable service delivery in municipal council of Mombasa.

1.3.2 Specific objectives

The objectives of this study were:-

1. To determine the sources of local government finance for municipal council of Mombasa.
2. To establish how the municipal council of Mombasa utilizes its finances.
3. To establish the sufficiency of finances as compared to the uses.
4. To establish the challenges faced by the municipal council of Mombasa towards sustainable service delivery.

1.4.0 Research questions.

The study was guided by the following questions:

1. What are the sources of local government finance for municipal council of Mombasa?
2. How the municipal council of Mombasa does utilize its finances?
3. What is the sufficiency of finances as compared to the uses?
4. What are the challenges faced by the municipal council of Mombasa?
5. What should be done to realize efficient utilization of local government finances for sustainable service delivery?

1.5.0 Significance of the study.

The findings of the study would be useful to various stakeholders as follows: -

The residents and business community:

The research findings would be paramount to both the residents and business community in getting good service delivery. It would also make them understand the importance of paying rates and other taxes to enable the council in service delivery.

The Government and Ministry of Local Authority:

The findings would also help the government of Kenya in conjunction with the ministry of Local Government to know the factors that affected utilization of finances for effective sustainable service delivery in various authorities and then from there it would effectively curb the problem by formulating relevant policies.

To the Scholars and Researchers:

Future researchers and scholars will use this study for reference when they undertake their studies.

The study will also contribute to the general body of knowledge.

1.6.0 The scope and limitation of the study

The scope of this study was limited to the Municipal Council of Mombasa, which included the head of departments, chairmen of the committees and councillors of various wards where the focus was at the council's main office and wards. The extent of the study was of supreme convenience to the researcher in terms of time and financial constraints. The limitations encountered during the study originated from the respondents which included lack of accessibility and confidentiality in answering the questions, delay in returning of questionnaire in time and low level of understanding by some respondents. These limitations were solved with the help of the research assistant who works with MCM, who instilled confidence in them on the purpose of the study and explained to

them questions which they were unable to understand and the research assistant collected the filled questionnaire from them later.

CHAPTER TWO

LITERATURE REVIEW

2.1.0 Introduction

This chapter reviews literature both theoretical and empirical on Local Government Authorities in the world, their formation, historical background of MCM and its location, area topography and climate, the council mandate, services provided by the Local Authorities, organisation of the council, sources of local government finance and expenditure and the budget and budgetary control by Local Government.

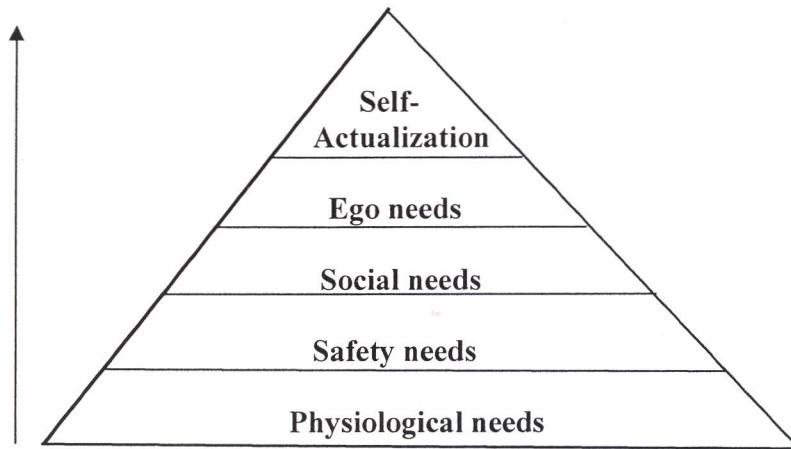
2.2.0 Theoretical Literature

This study was guided by Abraham Maslow theory of Needs of 1943, the theory state that human beings are wanting; animals and always want more and what they want depends on what they already have. Maslow suggested that human beings needs are arranged in series of levels – hierarchy of importance in ascending order. According to this theory, there are certain minimum requirements that are essential to a decent standard of living. These are known as physiological needs. They include food, shelter, health and clothing. They are primary needs and have to be catered for before other needs such as security; sense of belonging and affection, love esteem and finally self actualization are pursued (Kombo and Tromp, 2006).

This theory was used to explain lack of basic services which the MCM was supposed to offer for instance shelter, and health services among others but are not adequately hence implying poor utilization of finances in providing sustainable service delivery. These needs or services that were lacking in the MCM could be met by curbing factors that hindered it from utilizing its finances

effectively for sustainable service delivery. The figure 1 below shows Maslow's hierarchy of needs.

Figure 1: Maslow's hierarchy of Needs



Source: Cole (2004).

2.2.1 Empirical study of various local Authorities in world

Empirical studies reviewed reported a wide variety of decentralisation experiences throughout the world, they revealed decentralisation as a factor affecting utilization of finances and showed that there was a remarkable improvement service delivery where decentralisation was well planned. The Central District Council (CDC) in Botswana expanded service delivery in five sub-districts in January 2000 using a model adapted from the Somerset District Council of United Kingdom (Meyer-Emerick et al 2004). The CDC's decision to decentralise service delivery from the district headquarters in Serowe to its five existing sub-district including Bobirwa sub-district where road officers are now accountable to people, there is improvement in budget control and accountability in terms of usage of finance. Communication between councillors and the electorate improved a great deal because they are now in their wards for much longer periods, where they can engage people in decision-making process and receive feedback about service delivery as they apply democratic leadership style. Citizens are now more able to 'question the system' and became quite

responsible in utilizing services provided by their sub-districts. Decentralisation has also eliminated congestion and improved management in Serowe, as they no longer provide services, but focus primarily on policy issues and overall supervision and control. The empirical study in Botswana CDC also revealed service delivery in five sub-districts improved as a result of using a flat organisation structure, systems and procedures which is non – bureaucratic which allow easy access to finances for providing services .Rondinelli, et al. (2004) reports that decentralisation in Algeria, Libya and Tunisia show that the performance of administrative units has been positive. In general, these and other studies show that decentralization has been successful in some countries (FAO, 2006).

According to empirical study conducted by Lyons inquiry into local government in United Kingdom (2007) showed disempowerment among the councillors, reflecting the argument that one of the reasons people do not engage with local government as much as they might is because local councillors are perceived as having only limited powers. Some councillors argue that their credibility was undermined because central government overrides them and do not allow them to use the finances as per the need of their wards. The inquiry also discovered sense of disempowerment in the councils, where some councillors felt that at times, middle managers paid attention to the direction given to them by the central government departments and national inspectorates than they paid to the aspirations of the elected members in their local authority. Oates (1999) also noted that central government cannot fully understand or respond to different local needs and wishes and there is therefore, need for local participation and choice. Public services, which are delivered according to a national sense of priority, may not best fit every local community's needs and wants. This runs major risks of restricting local choice and wasting resources on delivering services that are not a local priority.

2.3 Historical Background of Municipal Council of Mombasa

Municipal Council of Mombasa has an estimated population of 665,818 people (comprising of 363,552 men and 301,466 women) according to the 1999 census, rising from 341,148 inhabitants in 1979, to 461,753 inhabitants in 1989. Currently, it has a resident population of about 1 million people who are represented in the council by elected and nominated councillors.

In its most recent history, it was established as a municipal board on 24th November 1924, under the Local Government Municipalities' Ordinance of 1924. On 1st October 1959, Mombasa was raised from municipal board status to a municipal council with an elected mayor, (Municipal Council of Mombasa, 2005).

On 4th July 1963, the municipal council was reconstituted under the Local Government via municipality of Mombasa order, 1963 and the membership consisted of 6 Aldermen and 24 councillors – 18 elected and 6 nominated by the minister for Local Government. Today the municipal council of Mombasa has 34 councillors 26 of which are elected and 8 nominated by political parties (Municipal council of Mombasa, 2006).

2.4 Location and Area of Mombasa Municipality

Mombasa municipality is located at about 435 kilometres south east of Nairobi at approximately $42^{\circ} 4' S$ and $39^{\circ} 37' E$. It borders Kilifi district to the North, Kwale district to the South West and Indian Ocean to the East (Morgan, 1998).

The gross area of the municipality is approximately 347 km^2 extending 25 kilometres along the coast and 16 kilometres inland. It is characterized by incised creeks which surround the island, naturally dividing the municipality into four divisions mainly: - Mombasa Island, Mainland North, Mainland West and Mainland South.

2.5 Topography and Climate

Mombasa has coastal lowlands with extensive flat areas rising from sea level in the East to about 100m above sea in the West. The highest point is Nguu Tatu Hills in the Northern part of mainland, which rises to 123 meters above sea level (Morgan, 1998).

There are three main physiographic belts. The first is the flat coastal plain of about 6 km wide and includes island, parts of Kisauni and Mtongwe. The second is the broken, severely dissected and eroded belt covering Changamwe area and the third is the undulating plateau of Kisauni. The island is surrounded by a number of creeks with stiff cliffs while parts of the municipality lie along the shores of Indian Ocean providing attractive beaches for local and foreign tourists.

The area has also a wide variety of rocks. Coral limestone is found along the coastline both in the South and Northern areas while shales are in the Western and North West of the mainland and sandstones are found in other areas. Along the palm-fringed coastline, lies a spectacular coral reef

running almost uninterrupted for 480 kilometres teeming with wonders of marine life, lagoons, creeks and overwhelming birdlife in mangrove forests (Municipal Council of Mombasa, 2006).

The underwater world of Mombasa's coral reef is spectacular. Whether viewed through a glass bottom boat or with a mask, snorkel and flippers, the variety and colours of coral and fish are simply amazing. Dazzling white coral sands make a stunning backdrop for the swarms of fluorescent tropical fish that dart about foraging amongst the coral.

The low altitude and coastal location gives the town a mild oceanic climate. The long rains come between the months of March to June with a mean annual rainfall of 1,100mm. The short rains are between the months of October and December. The months with highest average temperatures and lowest humidity are June, July and August, where by minimum and maximum temperatures are 22.7 and 33.1 degrees centigrade respectively (Municipal council of Mombasa, 2006).

2.6 The council mandate

The council mandate is based on the Local Government Act Cap 265 Laws of Kenya and a host of other Acts of Parliament. The council provides services to the people as per the Local Government Acts and other priorities as documented in various Acts and policy documents. Other statutes that guide the operation of the council see appendix 5.

2.7 Services provided by local authorities:

In England, Wales and Kenya the local authorities consists mainly of the city council, municipal council, urban council and counties. The local authorities are responsible for provision of such services as education, fire brigades, town planning, and protection of children and libraries. The

councils are responsible for provision of health services, refuse collection and disposal, drainage, sewerage, the suppression of nuisances, certain duties regarding infectious diseases, street scavenging, the inspection of shops and food housing and planning application. In addition, they provide amenities such as stadia, museums, swimming bath, cemeteries and parks. A high court action for an order of *mandamus* can be brought against the council should it fail to provide such a mandatory service (Whiteside, 2003).

2.8.0 Organisation of the Council

The council is governed through two arms namely the policy and the executive. The policy arms constitute of the elected and nominated councillors and operate under the committee system. This organ of the council is responsible for all policy matters of the council. The executive arm is the implementing organ of the council policies and it constitutes the Town Clerk and the other chief officers and staff (Kenya Institute of Administration, 1963).

2.8.1 Policy Arm/Committee of the Council

The Council has 26 elected councillors each representing one of the 26 Council wards (election area) and 8 nominated councillors (including the Public officer) who are nominated by political parties represented by the elected councillors on a ratio of numbers representing each party making a total of 34 councillors.

The councillors when meeting in full council are the ones empowered to run the council. The council has 13 standing committees that include: - Finance and general purpose, public health, housing and social services, town planning and architecture, engineering and works, housing

development, education, inspectorate, environment, establishment, public transport, auditing and marketing.

2.8.2 Executive Arm –departments of the Council

In order for the Council to effectively deliver the services it is mandated by law, it is organised into 11 departments as follows: -

Town Clerk's department: The department is responsible for administration, legal affairs, valuation and survey and formulation and implementation of Council policy.

Human Resource department: It is responsible for all staff matters and maintains the records of Council staff.

Town Treasurer's department: It is responsible for revenue collection, maintaining accounting records and producing annual final accounts. It is also responsible for general stores and accounting documents and internal audit of Council activities. The department is also responsible for budget formulation and execution.

Public Health department: It is responsible for maternal and child health care, management of health clinics and centres, malaria, epidemic, pests and vermin control as well as public health inspection.

Engineering department: It is responsible for feeder roads, public electrical installations and maintenance of streetlights and traffic lights, construction and maintenance of drainage, council's mechanical installations sewerage, fire fighting and ambulance services.

Housing and Social Services department: The department is responsible for social welfare, almshouse, stadium, social halls and recreation areas, vocational training including tailoring and housing estates management.

Housing Development department: It is responsible for housing development, providing technical services and community mobilisation in the housing sector.

Town planning department: It is responsible for urban design and development, forward planning and research, development control and enforcement of building by laws.

Education department: It is responsible for nursery and primary schools and Teachers' advisory centres.

Inspectorate department: It is responsible for security of Council installations and establishments. It is also responsible for enforcement of council's by laws, investigations and prosecution.

Environment department: It is responsible for street cleansing, refuse removal and disposal, road reserve and bush clearing, gardens and open spaces, trees and flowers nurseries, cemeteries, war grave and memorials.

2.9 Sources of Local government finance.

The current source of finance to local authorities consists of two types – revenue finance and capital finance. Revenue finance is received through taxation in order to finance recurrent expenditure. The capital finance includes Local Authority Transfer Fund, central government grants, and road maintenance levy, which are used to carry out capital projects such as roads, water and sewerage schemes, residential houses and office accommodation.

Revenue Finance

The following are some of the sources of revenue finance open to Local Authority:

Rates

Land rate is a tax levied on land property owned by an individual, company or government depending on its area or value. Rate is used to bridge the difference between expenditure and income charges and government grants.

The following are merits of rates as a source of finance:

The chief advantage of rating system, as form of tax is that it provides a fairly stable yield, for it does not vary a great deal with the state of trade. Moreover, since it is the occupier of the land or buildings who is responsible for paying rates, it is difficult to avoid the payment and relatively easy for the local authority to collect. Above all, rates represent a tax reserved for the Local Authorities for the Central government is refrained from 'poaching' on it. The other merit of rates is that, there is no intrusion into home, nor any requirement to disclose domestic income unless applying for rebates. Collection of rates is not difficult and thus cost of administration is low, making the yield from rates to be substantial and easy to predict.

Nevertheless, the rating system has certain disadvantages. Rates themselves may be regressive. Thus a person may occupy a large house paying high rates, not because he is wealthy but because he has a large family. At the same time, no differentiation is made between a business, which is doing well, and one that is doing badly. Secondly, it has led to inequalities over the country between one district and another. Often some authorities raises more rates because they are big but others raises very little because of re-housing necessities and they may also have council houses with a very low value. Thirdly, anomalies have arisen since agricultural land and building have been exempted from the rate liability. Fourthly, the rateable value is increased when the property is improved, for example by a garage or central heating; it therefore, militates against desirable improvements. Lastly, the revenue from the rates is inflexible and rigid. This operates against “*go-a head local authorities*” that would prefer a more progressive form of tax, yielding a large amount, in order that they can finance their more ambitious schemes of improvements. Moreover, since rateable values are only adjusted periodically the rate yield does not automatically rise with inflation (Harvey, 1997).

Sales of goods and services:

Local Authorities also acquire their revenue from its trading services such as housing estate, water supply, burial grounds, cemeteries and allotment. Other local authorities engage in large commercial undertakings such as having a quarry and stone crusher, running of ranches and managing of forests from which they receive royalties.

Return from investment

Some local authorities have invested their surplus revenue in various finance houses, earning some additional revenue in the form of interest. Some other local authorities have invested money in hotel projects in partnership with Kenya Tourist Development Corporation (Akivaga et al, 2000).

Capital finance.

The following are sources of capital finance: - Central Government grant, Local Authority Transfer Fund (LATF) to enable Local Authorities to improve, (a) Service delivery to the public, which are considered to be semi-national importance, for example education, fire brigades and housing (b) financial Management and accountability (c) debt resolution (Jackson, 1999).

Local Authorities may also raise money by issue of bonds, stocks and bills to fund capital expenditure.

Housing loans

Local Authorities have relied mainly on the National Housing Corporation and the Housing Finance Company of Kenya for funds to finance Housing development.

2.10 Expenditure of Local Government Authorities.

Local Authority expenditure is a response to the demands of the local community expressed in political terms at both national elections for the provision of certain public good, which are not provided by the market. There are two types of expenditure of Local Authorities: - capital expenditure and revenue expenditure.

Expenditure on assets with a life of more than a year is termed, as capital expenditure while expenditure where benefits will be used up quickly, usually within a year is known as revenue

expenditure. The cost of erecting a school by a local authority is an example of capital expenditure producing an asset with a 'life,' whilst the expenditure on the general maintenance of the school – cleaning, heating and lighting – is of a revenue nature. This distinction between capital and revenue expenditure is of great significance because, it affects the way in which such expenditure may be financed (Hepworth, 1997).

2.11 Budgeting and Budgeting Control

The key tool of financial management is the budget. The procedures, which are associated with the preparation of and controls exercised through the budget, provide the basis for regulating organization expenditure and income.

Budgetary control has great value in aiding heads of departments in planning their activities and formulating guiding policies. The budget aids the control of expenditure to ensure maximum efficiency in the utilization of the scarce resources. Probable future expenses are determined and adjusted, in coordination with an analysis of the sources from which income is to be raised to meet these expenses.

The budget aids communication of ideas, plans, goals and objectives among members of staff, thereby facilitating better understanding and appreciation of the organisation's functions and objectives on one hand and the levels of authority and responsibility on the other hand.

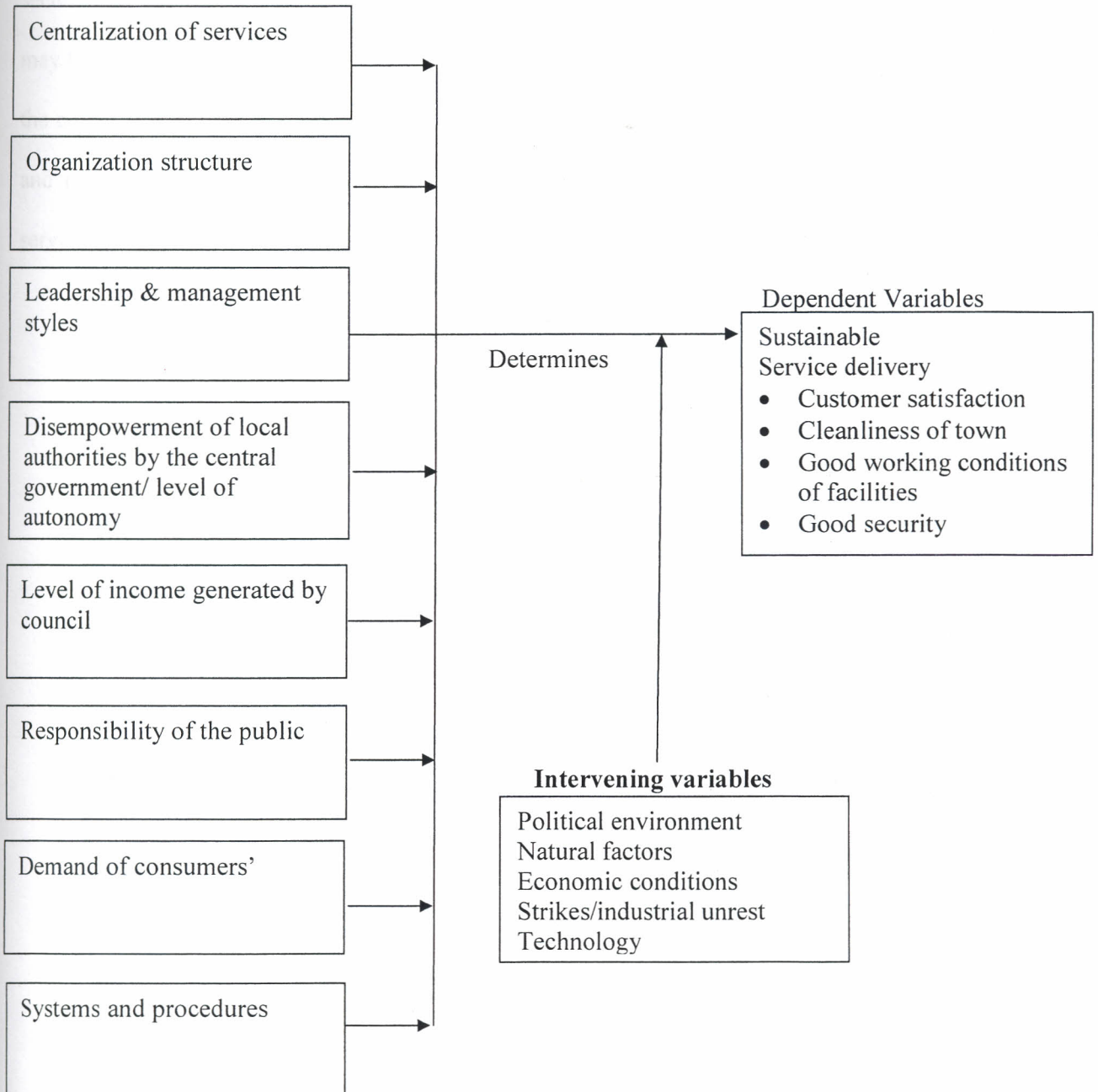
Budget also facilitates managerial supervision and control, making it possible to have central guidance and co-ordination among various departments. With department's performance, by revealing deviations of actual from budgeted figures, thus stimulating corrective action (Akivaga et al, 2000).

2.12 Conceptual Framework

Figure 2 below gave the conceptual frame for the research.

Figure 2: Conceptual Framework

Independent variables



The following were the independent variables: - centralisation of services and organisation structure, leadership and management styles, disempowerment of local authorities by the central government, level of income generated by the council, responsibility of the public, demand of consumers, systems and procedures caused sustainable service delivery which was a dependent variable measured by the customer satisfaction, cleanliness of town, working facilities and good security. While the intervening factors were beyond the council control like bad politics which may lead to civil wars, natural factors like floods, earthquakes and prevailing economic situation in the country like recession, slump and external strikes by citizens which destroys council facilities and people's properties and changes in technology that hindered the realisation of sustainable service delivery.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introductions

This chapter outlines the research methodology that was used in the study. It details out the study design, target population, the sampling strategy, the data collection procedure and data analysis procedure applied in the study.

3.2 Study Design

The study design was descriptive survey in nature. According to Sekaran (2003) descriptive design has the ability to investigate and also gives additional information concerning variables of interest. In this respect, descriptive statistics mainly measuring frequencies, proportions and mean was used to discuss the findings.

3.3 Study Area

The study was conducted at the MCM in coast province in Kenya, located in Mombasa and Kilindini districts with 26 wards and its headquarters, where the respondents had their offices.

3.4 Target Population

This study aimed at investigating factors that hindered the municipal council of Mombasa from utilizing its finances effectively for the sustainable service delivery. The target population for the study comprised of the Mayor of Municipal Council of Mombasa, chairmen of the thirteen (13) committees of the policy arms of the council, all the other 20 councillors who were not chairmen and heads of eleven (11) departments of the executive arm of the council totalling to 45 respondents.

3.5 Sample Strategy

The whole population as described above was subjected to the study. Therefore the study employed census strategy.

Table 1: Sampling frame (Establishment at the MCM): -

Committees/Departments	Chairmen/ Head of Departments
Policy Arm – committees	
1. Mayor	1
2. Finance and General purpose	1
3. Public Health	1
4. Housing and Social services	1
5. Town planning and Architecture	1
6. Engineering and Works	1
7. Housing Development	1
8. Education	1
9. Inspectorate	1
10. Environment	1
11. Establishment	1
12. Public Transport	1
13. Marketing	1
14. Auditing	1
15. Councillors	20
Executive Arm - departments	
16. Town Clerk's	1
17. Human Resource	1
18. Town Treasure's	1
19. Public Health	1
20. Engineering	1
21. Housing and Social Services	1
22. Housing Development	1
23. Town Planning	1
24. Education	1
25. Inspectorate	1
26. Environment	1
TOTAL	45

Source: Municipal Council of Mombasa (2006).

3.6 Data Collection Procedure

The primary data was collected using self-administered questionnaire which contained both open and closed ended questions. The main advantage of self-administered questionnaire according to Sekaran (2003) is that the researcher can collect all completed responses within a short period of time. Any doubts that the respondents might have on question could be clarified on the spot. The researcher was afforded opportunity to introduce the research topic and motivate the respondents to offer their frank answers. Closed questions helped the respondents to make quick decisions to choose among the several alternatives before them. They also helped the researcher to code the information easily for subsequent analysis. The questionnaire used contained questions with items which elicited general information concerning age, gender and level of education, and also items seeking to investigate factors that affect Municipal Council of Mombasa from utilizing its finances effectively for sustainable service delivery. The researcher made an appointment with the Mayor, Town Clerk to hand in questionnaires which were distributed to the chairmen of the committees and head of departments and collected after three days.

3.7 Data Processing and Analysis

The primary data was checked for consistency and coded in SPSS computer software then both descriptive and inferential statistics were used to analyse the data. Correlation analysis, Chi-square tests and factor analysis were performed, which enabled for the determination the factor significance, factor relationships and factor correlations at 95% level of significance. The results are presented using frequency tables, graphs and charts and the findings described using MS-word.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.0 Introduction

This study was carried out to investigate factors that hinder utilization of local government finances in providing sustainable services in Mombasa municipal council. It determines the sources of local government finance; establish the utilization and sufficiency of finances in the municipal council of Mombasa. Total target population of 45 stakeholders in the municipal council of Mombasa was involved in the study.

In this chapter quantitative data analysis was done using a computer package, SPSS (Statistical Package for Social Science, version 11.5) to find out the measures of central tendency (frequency and the percentages) of the responses received. Graphs and charts were used to present the results.

4.1 Response Rate

The data was collected by using self-administered questionnaires where 95% response rate was achieved. The 5% shortfall in response rate was due to two respondents who had traveled out of MCM to attend seminar and therefore, they could not returned the questionnaire on time.

4.2.0 Respondent's Demographic Information

In this study, 44.4% (n =20) of the respondents were councillors from various wards with the municipal council of Mombasa, 11.1% (n = 5) staff from the housing and social services department and the remaining respondents from different departments and committees.

The respondents position in the municipal council showed that, 28.9% (n = 13) of the respondents were chairmen of the various committees, 71.1% (n = 32) had various positions, these were councilors and heads of departments.

Position in the Municipal council	Frequency N = 45	% respondents
Mayor	1	2.2
Chairman of committee	13	28.9
Town clerk	1	2.2
Head of department	10	22.2
Others	20	44.5

Table 2: Respondents' positions in the Municipal council of Mombasa

This study realized there was poor gender distribution of the personnel in Mombasa municipality. Only 6.7 % (n = 3) of the respondents were female and the rest 93.3% (n = 42) male respondents. In this municipal council, 57.8% (n = 26) have secondary level, 17.8% (n = 8) were university graduates, 11.1% (n =5) were tertiary and 13.3% (n=6) were primary school leavers.

4.2.1 Professional Qualifications of the Respondents

In their respective areas of duty, the MCM workers were trained. Those in education were trained teachers; clerks had computer training and human resource managers had up to a higher diploma in human resource management. The personnel in the public health were trained in medical issues and those in the housing and social services were trained in tour and survey. 48.9% (n = 22) of these employees have served in the council for between 1 to 5 years, 37.8% (n = 17) between 5 to 10 years, 2.2% (n = 1) from the department of environment has served for 1 year. Some senior members of the council, one architect, one engineer and some councillors have served for 10 years.

	Number of employees in Positions in MCM					
Years of service in the council	Mayor	Chairman of committee	Town clerk	Head of department	Others	Total respondents
< 1 year	0	0	0	0	1	1
1 – 5 years	1	4	1	1	15	22
5 -10 years	0	2	0	1	14	17
Over 10years	0	0	0	1	4	5
Total respondents	1	6	1	3	34	45

Table 3: Years of experience of the employees in the council in general

A similar trend was noted in the employees current serving positions, $\chi^2 = 41.281$, $df = 1$, $P < 0.05$. This showed that in MCM there is limited change in individual position after employment.

	Number of employees in Positions in MCM					
Years of service in the council	Mayor	Chairman of committee	Town clerk	Head of department	Others	Total respondents
< 1 year	0	0	0	2	2	4
1 – 5 years	1	6	1	1	20	29
5 -10 years	0	0	0	0	10	10
Over 10years	0	0	0	0	2	2
Total respondents	1	6	1	3	34	45

Table 4: Years of experience of the employees in current positions

The employees' years of service relationship with their education level showed no significant relationship, $\chi^2 = 0.194$, $df = 1$, $P > 0.05$. However, more of the employees, 50%, with University level of education have served the council for 5 -10 years.

Level of education		How long have you served in the council				Total
		< 1 year	1 -5	5 -10years	over 10 years	
None	Count	0	0	1	0	1
	% within level of education	.0%	.0%	100.0%	.0%	100.0%
Primary	Count	0	5	0	0	5
	% within level of education	.0%	100.0%	.0%	.0%	100.0%
Secondary	Count	0	13	10	3	26
	% within level of education	.0%	50.0%	38.5%	11.5%	100.0%
Tertiary	Count	0	3	2	0	5
	% within level of education	.0%	60.0%	40.0%	.0%	100.0%
University	Count	1	1	4	2	8
	% within level of education	12.5%	12.5%	50.0%	25.0%	100.0%
Total	Count	1	22	17	5	45
	% within level of education	2.2%	48.9%	37.8%	11.1%	100.0%

Table 5: Relationship between the education level and the years of service of councilors, chairmen and head of departments

4.3 Sources of Local Government Finance for Municipal Council of Mombasa

To determine sources of finance for MCM, the study sought to rank various sources of Local Government finance which revealed that LATF as a source of finance is very important to 91.1% (n = 41) of the respondents. Other very important sources of finance were noted as:-

Single business permit	88.9% (n = 40 respondents)
Road maintenance levy	66.7% (n = 30 respondents)
Parking fees	64.4% (n = 29 respondents)
Hotel bed occupancy levy	37.8% (n = 17 respondents)
Cement port levy	31.1% (n = 14 respondents)
Telephone pole levy	28.9% (n = 13 respondents)
Electricity pole levy	26.7% (n = 12 respondents)

House rent	22.2% (n = 10 respondents)
Allotment fee	20% (n = 9 respondents)
Game reserve/parks	20% (n = 9 respondents)
Hiring of social hall	17.8% (n = 8 respondents)
Sale of goods and services	15.6% (n = 7 respondents)
Quarry and stone crusher	15.65 (n = 7 respondents)
Water supply	11.1% (n = 5 respondents)
Running of ranches	6.7% (n = 3 respondents)
Royalty fee from forest/mines	6.7% (n = 3 respondents)
Returns from investments	4.4% (n = 2 respondents)
Housing loans	2.25% (n = 1 respondent)

It was noted that none of the respondents felt that Bonds/stocks and bills are very important; this indicated that the major source of finance as they apply to MCM in particular are:- LATF, business permit, road maintenance levy and parking fees as realized by more than 50% of the employees sampled.

4.4.0 Major Areas where MCM Funds are Applied are: -

Debt resolution, personnel payments of allowances and salaries, development projects, repair of access roads, schools and health centers, community projects, payment of suppliers, garbage collection, payment of electricity bills, operation and maintenance of the council.

4.4.1 Approval of Payments

In Mombasa municipal council, the approval of payments on recurrent and capital expenditures is mainly done 97% (n = 42) by the town clerk and the committees set. In rare cases, 6.7% (n = 3)

was the approval found to be done by the departmental head. The approval procedure did affect the efficiency of sustainable service delivery in the departments.

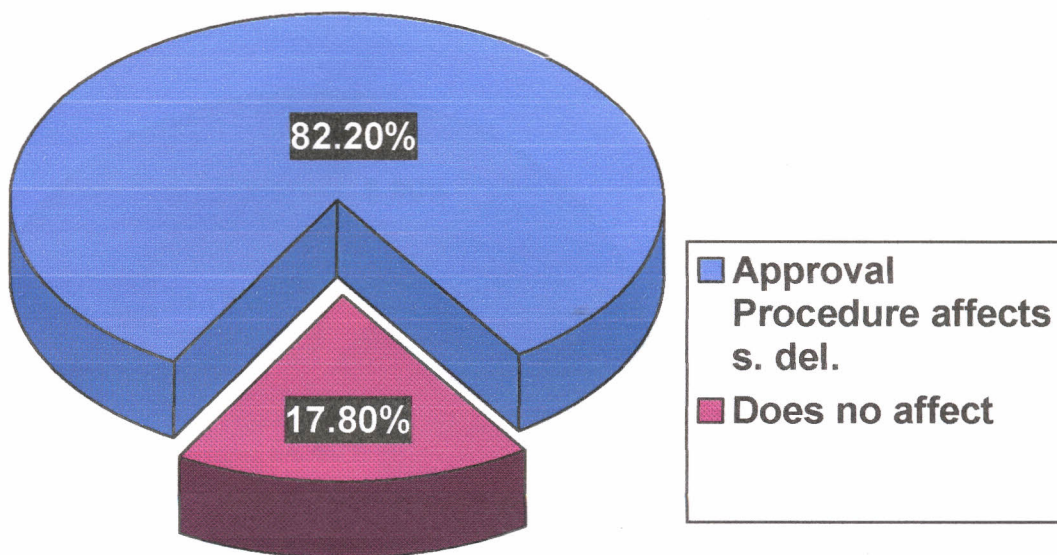


Figure 3: Approval procedure affecting service delivery in the departments and committees

The effect on the service delivery was noted in cases: - Where the committee system slows down operations as they do not meet frequently and the meetings fail to take place, as a result, the delivery is affected in timeliness. The finance committee also meets once in a month and this causes a lot of delay in service delivery, together with a long procedure for purchase of items.

4.5 Leadership in Mombasa Municipal Council

In MCM, the most adopted leadership style is authoritarian type of leadership as shown by 64.4% (n = 29) of the respondents.

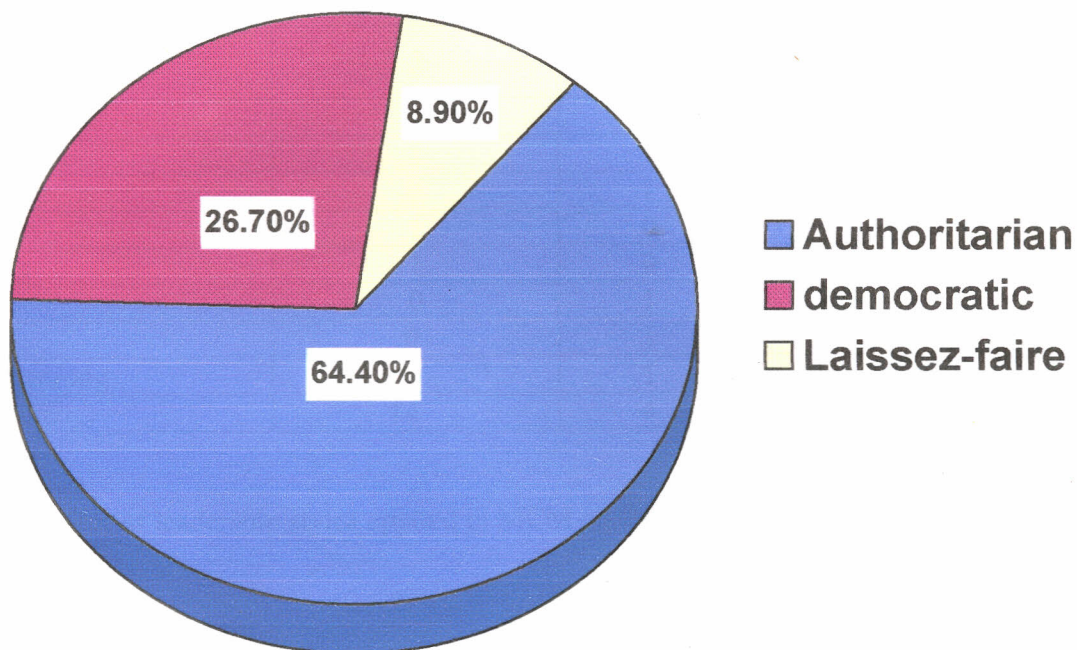


Figure 4: Leadership styles applied by MCM

This style of leadership was noted to affect the efficiency of sustainable service delivery in 66.7% of the departments. The departments and committees most affected were:-

Departments/Committees	Affected by style	Not affected	Total respondents
Public health	2	0	2
Education	0	2	2
Town treasurer	0	1	1
Town clerk	1	0	1
Human resource	2	1	3
Architect	1	0	1
Environment	2	0	2
Housing and social services	3	2	5
Inspectorate	2	0	2
Engineering	1	1	2
Marketing	0	1	1
Transport	1	0	1
Auditing	1	0	1
Finance	0	1	1
Mayor	0	1	1
Town planning	0	1	1
Councilors	14	4	18

Table 6: Effect of leadership styles applied in MCM on the departments and committees

In authoritarian leadership, the head of the department is denied the freedom to work in terms of contribution to opinions and utilization of finances which are geared towards improvement of services to the council. This type of leadership also leads to lack of motivation of staff in the council.

In this type of leadership when the chief executive says no to a departmental proposal, the idea is simply shelved. This approach evades the sharing of the real problems. The numbers of staff members under the respondents control were determined to be between 1 person to more than 20 people. The departments with more than 20 people includes; Housing and social services, human resources, town clerk, town treasurer and environmental department.

Name of department/ committee	how many staff members do you have under your control				Total
	1 – 5	6 -10	11 - 20	>20	
public health	0	1	1	0	2
education	2	0	0	0	2
town treasurer	0	0	0	1	1
town clerk	0	0	0	1	1
Human resource	0	0	1	1	2
Architect	0	0	1	0	1
Environment	1	0	0	1	2
housing and social services	2	0	0	3	5
inspectorate	1	0	0	1	2
engineering	1	1	0	0	2
marketing	0	1	0	0	1
transport	0	1	0	0	1
auditing	0	1	0	0	1
finance	1	0	0	0	1
mayor	1	0	0	0	1
town planning	0	1	0	0	1
councillor	11	7	0	0	18
Total	20	13	3	8	44

Table 7: Distribution of staff in the departments and committees sampled

These members of staff were not sufficient for 57.8% of the respondents in their departments.

In the human resource, education, town planning and architect sections, there is no professional personnel and therefore the need for recruitment.

Name of Department/ Committee	Are these members of staff sufficient for you		Total
	yes	no	
Public health	0	2	2
Education	2	0	2
Town treasurer	0	1	1
Town clerk	1	0	1
Human resource	2	1	3
Architect	0	1	1
Environment	0	2	2
Housing and social services	3	2	5
Inspectorate	1	1	2
Engineering	1	1	2
Marketing	1	0	1
Transport	0	1	1
Auditing	1	0	1
Finance	1	0	1
Mayor	1	0	1
Town planning	0	1	1
Councillors	5	13	18
Total	19	26	45

Table 8: Respondents' view on sufficiency of staff in the departments and committees

4.6 Annual Expenditure of the Departments

The amount spent by the various departments varied as shown;

Housing and social services	Ksh. 480,000
Councillors	Ksh. 480,000
Education	Ksh. 480,000
Engineering	Ksh. 360,000
Town planning	Ksh. 1,800,000
Town clerk	Ksh. 35,300,000

Despite the amount stated by the respondents to be spent per year, 75.0% of the respondents do not have modern facilities and equipments in their departments. Where they have the facilities, it was noted that, 50%, do not update their facilities until between 2 – 5 years, 27.3% after over three years, 18.2% after 5 – 10 years and 4.5% after one year.

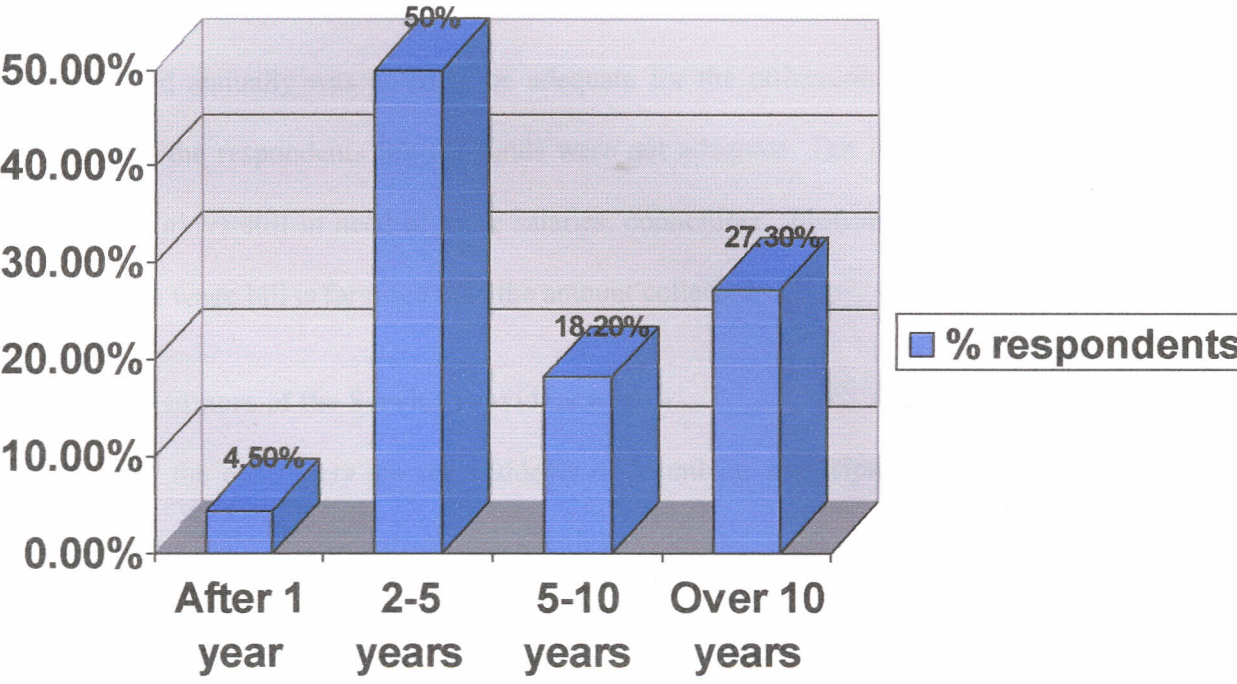


Figure 5: Frequency of updating the modern facility in the departments and committees

On the equipments/facilities, in each year, MCM spend up to 25 million. The main areas of funds utilization in MCM is salaries and wages.

Area of utilization	Respondents ranking fund utilization		
	Not important	Important	Very important
Development Projects	6.8%	56.8%	36.4%
Dept resolution	4.4%	24.4%	71.1%
Salaries and wages	11.4%	9.1%	79.5%

Table 9: Respondents ranking of funds utilization in MCM

The funds collected annually was noted to be adequate for the utilization, 62.2% (n = 28). To 37.8% (n = 17) of the respondents felt the funds were not adequate. The inadequate funds were prompted by: - Workers still in need of more salaries, councillors' allowance were still required from MCM and the wage bill is far more than the amount collected.

4.7 The Main Consumers of the Service Providers were:-

Public health; the consumers are the residents of Mombasa municipal council. This group expects the municipal to provide them with health services and drugs in hospital adequately.

Transport department; Traders are the main consumers. They demand large markets and services.

Councillors; the main consumers are their respective ward residents. These residents always expect security, housing, drainage and general improvement in their wards in terms of lighting to be provided.

Inspectorate; the main consumers are the askaris, inspectors and police stations. This group of customers expects to have the council by-laws kept, proper cooperation with the police and an improved revenue collection.

Clerical officer; the customers are residents and traders of Mombasa. They expect to have proper garbage collection, lighting in the streets, renovation of clinics and schools and other essential services by the municipal.

Town clerk; the customers are the municipal employees, residents and debtors. They expect to be served and their salaries and dues paid effectively.

When the respondents were asked to state if the consumers demand too many services, than the available finance, 81.8% said yes while only 18.2% indicated no, this implies that consumers are not getting services required from the MCM. Those who said yes attributed the shortfall in consumer demand to: - Poor allocation of finances. More of these finances go to salaries and wages and not to the service delivery to the people, untrained council personnel and lack of equipments, misappropriation of funds by the collection sections and inadequate allocation of funds for the services and lack of authority or empowerment of the councillors to utilize the resources available fully in their wards instead of waiting for a decision to be made by the council committee.

80.0% of the respondents indicated an experience of a lot of bureaucracy in accessing finance to utilize and this is not healthy for sustainable service delivery. For the finance to be approved, for a particular service, it takes as long as over 2 weeks.

Duration of approval	Frequency n = 45	Percentage
2 – 5 days	3	6.7
2 weeks	4	8.9
Over 2 weeks	38	84.4
Total	45	100.0

Table 10: The duration it takes for finance to be approved

4.8 The Challenges Facing the Council of Mombasa

The major challenges facing MCM were realized as:- Centralization of services, leadership, disempowerment, responsibility of the public, demand of consumers, systems and procedures, financial management, budgeting and approval process, organization structure, accountability, monitoring and evaluation, implementation of by laws, qualified and experienced personnel

Challenges facing MCM	Frequency			
	Not important	Important	Very important	Total respondents
Centralization of services	7	4	34	45
leadership	8	8	28	45
Disempowerment	8	7	30	45
Income	21	4	19	45
Responsibility of the public	7	12	18	45
Demand of consumers	7	7	26	45
Systems and procedures	8	10	27	45
Financial management	2	5	37	45
Budgeting and approval process	1	7	35	45
Organization structure	12	17	16	45
Accountability	6	12	26	45
Monitoring and evaluation	6	17	21	45
Implementation of by-laws	7	21	16	45
Qualified and experienced personnel	7	21	16	45

Table 11: Frequency of respondents about the level of importance of the challenges facing the council

The MCM cope with these challenges by: - Offering in-service training to workers, including all the challenges in strategic plan, hiring temporary staffs, employing qualified and experienced staff and sponsoring workers for training.

In Mombasa municipal council, the type of system of administration used are 62.2% (n = 28) closed and 37.8% (n = 17) open system. However it was realized that lack of leadership

cooperation affects service delivery very much in MCM. In this council, the organization structure adopted is 68.9% tall and 31.1% flat structure.

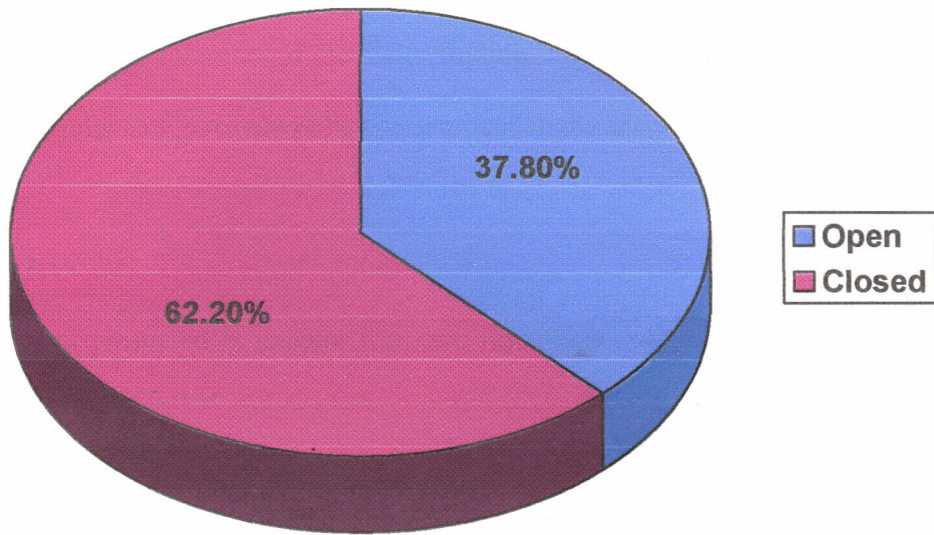


Figure 6: Type of system of administration being used in MCM

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1.0 Introduction

This chapter provides the summary of the major findings of the study, its presents the conclusions drawn from the results and gives the policy recommendations and suggestions for further research.

5.1.1 SUMMARY

Basing on the data presented in chapter four, the researcher summarized the findings under the following headings below:-

5.1.2 Respondent's demographic information

The respondents position in the MCM showed that, 28.9% (n = 13) of the respondents were chairmen of various committees, 71.1% (n=32) had various positions, these were councillors and head of departments. This study realized there was poor gender distribution of the personnel in MCM, only 6.7% (n=3) of the respondents were female and the rest 93.3% (n=42) male respondents. In this council, 57.8% (n=26) have secondary level of education, 17.8% (n=8) were university graduates, 11.1% (n=5) were tertiary and 13.3% (n=6) were primary school leavers. This implies that the level of education of the respondents hinders effective utilization of finance for sustainable service delivery in the MCM.

5.1.3 Professional Qualifications and Experiences

In their respective areas of duty, the MCM workers were trained; teacher, human resource manager, medical doctor, tour operators and surveyors. While most of the chairmen, lacks

qualifications, to head the various committees. 48.9% (n=22) of these employees have served in the council for between 1 to 5 years, 37.8% (n=17) between 5 to 10 years, 2.2% (n=1) from the department of environment has served for 1 year. This implies that lack of qualification by the chairmen also hinders the utilization of finances effectively, in terms of managing finances in their committees to provide services.

5.1.4 Sources of Finance for MCM

The study revealed that LATF as a source of finance is very important to 91.1% (n=41) of the respondents. Other very important sources of finances were noted as: - single business permits 88.9% (n=40), road maintenance levy 66.7% (n=30), parking fees 64.4% (n=29). It was noted that none of the respondents felt that Bonds/ Stocks and bills are very important. This implies that the main sources of finance for MCM are mainly four that is; LTF, single business permits, road maintenance levy and parking fees, while other sources mentioned in the questionnaire are not in use like bonds and stocks.

5.1.5 The Major Areas of Utilization of Finances and Its sufficiency compared to uses by the MCM

The study revealed that a bigger proportion of revenue collected are used in personnel payments of allowances and salaries, debt resolution, while development projects or service delivery receives insufficient amount of revenue as indicated by 81.8% respondents. This means that a lot of funds are being located for emolument which hinders utilization of finance in development projects like housing and roads which the residents needs.

5.1.6 The Challenges Faced by the MCM

The study discovered that, the main challenges faced by the MCM were as follows:- centralization of services, leadership, disempowerment, responsibility of the public, demand of consumers, systems and procedures, financial management, budgeting and approvals process, organisation structures, accountability, monitoring and evaluation, implementation of by laws and qualified staff and experienced personnel. This implies that the challenges mentioned in the questionnaire are also the major factors that hinder MCM from utilizing its finances effectively for sustainable service delivery.

5.2 CONCLUSIONS

From the results of data analysis the researcher concluded that the factors that hindered MCM from utilizing its finances effectively for sustainable service delivery, despite the funds collected being adequate as indicated by 62.2% (n=28 respondents) are: the approval procedures where the committee system slows down operations as they do not meet frequently and meetings fail to take place, as a result, the delivery is affected in timeliness, the finance committee meets once in a month and this causes a lot of delay in service delivery and there is also a long procedure for purchase of items. The other factor that hindered the utilization of finances effectively for sustainable service delivery in the council is authoritarian leadership style as indicated by 64.4% (n=29) respondents, whereby 66.7% of departments are affected by it, and the head of departments are denied the freedom of offering opinions concerning utilization of finances as per the needs of the stakeholders. It is also concluded that poor allocation of finances is also another factor that hindered the utilization of finances effectively for sustainable service delivery with salaries and allowances of employees and councillors consuming the biggest proportion of the council revenue followed by debt repayments instead of service delivery. The other factor affecting utilization of finances in the MCM as per the result is misappropriation of funds by the collection sections, coupled with the untrained personnel. The councillors are also disempowered to utilize the resources available fully, in their wards, instead they wait for decisions to be made by the committees. 80% of the respondents also indicated bureaucracy in accessing finance to utilize and this is not healthy for sustainable service delivery.

5.3 RECOMMENDATIONS

From the findings and conclusions the researcher would like to make the following recommendations:-

Firstly, on budgeting and approval process and accountability; the researcher recommends the introduction of result based management for enhanced performance and accountability in service delivery. This calls for a clear framework of identifying the results required and directing the resources in the delivery of priorities. This will also transform its systems towards improving policy, programme and expenditure choices, quality services and increased accountability enhancing the efficiency and effectiveness of public expenditure for results.

Secondly, leadership style transformation and change programme is required for both the executive and policy arm from authoritarian to democratic style to enable the employees of the MCM and councillors to discharge their duties diligently without fear or threat of dictatorship.

Thirdly, the researcher recommend a strong monitoring and evaluation process to be put in place to ensure that financial allocation and the implementation of services and achievements of targets is on schedule and corrective action taken when necessary. Each department and committee to compile its expenditure returns linked to the activities to evaluate the financial performance.

Fourthly, the research discovered the MCM spent a lot of money on employees emoluments compared to other areas like development projects or service delivery. It is therefore, paramount for the procedures for hiring staff be looked into and be streamlined. The capacity of lower cadre of staff in terms of numbers be controlled and staff re-allocation be done to avoid under staffing in

other departments and committees in order to reduce the high level of expenditure on staff emoluments.

Fifthly, from the research conducted it was discovered that the council plans, coordinates and monitors services delivery from a centralised point, at the Town hall offices. This has led to ineffectiveness in use of finances and poor service delivery. Decentralisation is therefore, necessary to the wards in order to improve service delivery and make finances available with ease to the councillors. Decentralisation will also improve stakeholders' participation in the implementation and monitoring of service delivery and accountability of the council to the citizens.

Last but not least, the research also revealed that MCM uses a flat organisation structure. It is therefore, imperative for the council to revise its organisation structure to a tall one, which is characterised by diffused authority, more authority levels and few span of control to improve usage of finance and service delivery. The council should also shift from closed system to open system in order for it to interact with all its stakeholders to understand their areas of needs.

5.4 SUGGESTED AREAS FOR FURTHER RESEARCH

The researcher suggests that further research should be carried out on the following areas:-

- Accountability of finances by the MCM head of departments and committees' chairmen.
- Effectiveness of human resource management at the council.

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APPENDIX 1: COVER LETTER

Dear Respondent,

I am a postgraduate student at Kenyatta University pursuing MBA Finance. I am conducting a research to find out factors that hinder municipal council of Mombasa from utilizing its finances effectively for sustainable service delivery. The result of this survey will form the basis for formulating ways of promoting sustainable service delivery in local authorities in Kenya,

The questionnaire attached is intended to collect the necessary data that will assist in the analysis. I would be grateful if you could answer the following questions. Information collected from the questionnaire will be treated in strict confidence and will be used for academic research only. Kindly read each question carefully and place a tick or write short notes as necessary. If you have any queries regarding this research, feel free to contact me using the telephone number 0733925564.

Thank you very much in advance for your co- operation.

Yours faithfully,

Benard M. Obera.

APPENDIX 2: QUESTIONNAIRE

INSTRUCTION: Kindly fill in your response or put a tick (✓) where applicable on your choice.

1) Name of the department / committee / ward.....

2) What is your position in Municipal Council of Mombasa?

- a) Mayor
- b) Chairman of the committee
- c) Town Clerk
- d) Head of Department
- e) Other specify.....

3). Indicate your gender please

Male

Female

3. (a) What is your level of education?

None

Primary

Secondary

Tertiary

University

3 (b) What is your professional qualification?

4) How long have you served in the council generally?

- a) < 1 year
- b) 1 – 5 years
- c) 5 – 10 years
- d) Over 10 years

5) How long have you served the MCM in the current position?

- a) < 1 year
- b) 1 – 5 years
- c) 5 – 10 years
- d) Over 10 years

6) Rank the following sources of finance as they apply to MCM

Not Important Important Very important

Rates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L A T F	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Road Maintenance Levy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales of goods and services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Housing loans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Returns from investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bonds, Stocks and Bills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Parking fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
House Rent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Burial ground fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single business permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Allotment fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electricity pole levy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Telephone pole levy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cement/ Port levy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hotel bed occupancy levy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Game reserves/parks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hiring of social hall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quarry and stone crusher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Royalty fee from forest/mines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Running of ranches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Water supply	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7) Please list major areas where MCM funds are applied:-

.....

.....

.....

.....

.....

8) Who approves payment on recurrent expenditure?

- a) Mayor
- b) Town clerk
- c) Head of Department
- d) Committees
- e) Other specify.....

9) Who approves payment on capital expenditure?

- a) Mayor
- b) Town clerk
- c) Head of Department
- d) Committees
- e) Other specify.....

10) Does the approval procedure affect the efficiency of sustainable service delivery in your department / committee / ward?

Yes

No

11) Where yes, please explain

.....

.....

.....

.....

12) What leadership styles are applied by MCM?

a) Authoritarian

b) Democratic

c) Laissez-faire

13) Does leadership styles affect efficiency of sustainable service delivery in your department / committee / ward?

Yes

No

14) Where yes, please explain

.....

.....

.....

.....

15) How many staff members do you have under your control?

a) 1 – 5

b) 6 – 10

c) 11 – 20

d) > 20

16) Are these members of staff sufficient for you department / committee ward?

Yes

No

17) If no, please make a suggestion.

.....

.....

.....

.....

18) How much do you spend on staff emolument per year in your department / committee / ward
ksh.....?

19) Do you have modern facilities and equipment in your department / committee / ward?

Yes

No

20) If yes how frequent do you update the facilities?

- a) After 1 year
- b) 2 – 5 years
- c) 5 – 10 years
- d) Over 10 years

21) How much do you spend on equipment/ facilities per year?

.....

.....

.....

.....

22) Rank the main areas of funds utilization for the MCM

	<u>Not Important</u>	<u>Important</u>	<u>Very important</u>
Development project	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Debt resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Salaries and wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

23) Is the funds collected annually adequate for the utilization?

Yes

No

24) If no, why?

.....

.....

.....

.....

25) Who are your main consumers?

.....

.....

.....

.....

26) What are their demands?

.....

.....

.....

.....

27) Does the consumer demand too many services than the available finances?

Yes

No

28) If yes, what causes the shortfall in consumer demands?

.....

.....

.....

.....

29) Does the council experiences bureaucracy in accessing finance to utilize?

Yes

No

30) If yes is it healthy for sustainable service delivery

.....

.....

.....

.....

31) How long does it take for finance to be approved for a particular service?

a) 1 day

b) 2 – 5 days

c) 2 weeks

d) Over 2 weeks

32) Rank the challenges facing the council towards sustainable service delivery

	<u>Not Important</u>	<u>Important</u>	<u>Very important</u>
Centralisation of services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leadership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disempowerment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Responsibility of the public	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand of consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Systems and procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Budgeting and approval process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Organisation structure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accountability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monitoring and evaluation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Implementation of by-laws	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Qualified and experienced Personnel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

33) Briefly explain how the MCM cope with the above mentioned challenges.

.....

.....

.....

.....

34) How does lack of leadership cooperation affect service delivery?

- Very much
- Much
- Less
- Not at all

35) What type of system of administration is being used by the council?

- Open system
- Closed system

36) What kind of organisation structure does the council have?

- Flat organisation structure
- Tall organisation structure

THANK YOU FOR YOUR CO-OPERATION

DATE OF INTERVIEW

QUESTIONNAIRE NUMBER

APPENDIX 3: BUDGET FOR THE PROPOSED STUDY

ITEM	NUMBER OF UNITS	COST PER UNIT IN KSHS.	TOTAL COST
PERSONNEL			
1. Traveling expenses (reading literature)	12 Trips	2,000.00	24,000.00
2. Field traveling expenses for the principal researcher (cost of transport and meals)	10 trips to the field	500.00	5,000.00
3. Traveling expenses for four field assistants and their per diem.	10 combined trips to the field (2 trips per assistant)	500.00	5,000.00
COMPUTER SERVICES			
1. Typing charges	55	10.00	550
2. Printing of the research proposal.	7 copies	550.00	3,850.00
3. Binding of the research proposal.	7 copies	60.00	420.00
4. Photocopying of questionnaires	450	2.00	950.00
5. Photocopying of interview schedules.	10	2.00	20.00
6. Photocopying of observation checklists.	10	2.00	20.00
7. Binding of the final project.	8 copies	100.00	800.00
8. Printing of final project	8 copies	550.00	4,400.00
9. Contingencies	20% of the total cost of items listed above.		9,002.00
TOTAL			54,012.00

APPENDIX 4: WORK PLAN

Activities	2007							2008			
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Proposal writing											
Proposal Presentation											
Data Collection											
Data Analysis											
Report Writing											
Report Submission											

APPENDIX 5: STATUTES

Agriculture Act, Cap 368

Children's Act of 2001

Community Service Orders Act of 1998

Education Act Cap 211

Environmental Management and Coordination Act of 2000

Exchequer and Audit act, Cap 412

Housing Act, Cap 117

Kenya Roads Board Act of 1999

Land (Group Representatives) Act, Cap 28

Land Acquisition Act, Cap 295

Land Adjudication act, Cap 284

Land Control Act, Cap 302

Limitation of Action Act, Cap 22

Local Authorities (recovery of Possessions of Property) Act

Local Authorities Provident Fund Act, Cap 272

Local Authorities Transfer Fund Act of 1998

Local Government Loans Act, Cap, 270

Physical Planning Act, Cap 286

Public Authorities Limitation Act, Cap 39

Public Health Act, Cap 242

Rating Act, Cap 267

Registered Land Act Cap 300

Registration of Documents Act, Cap 285

Registration of Titles Act, Cap 281

Roads and Roads of Access Act, Cap 399

Streets Adoption Act, Cap 406

Trade Licensing Act

Traffic Act, Cap 403

Transport Licensing Act, Cap 404

Trust Land Act, Cap 288

Valuation of Rating Act, Cap, 266

Water Act of 2002

Wildlife Conservation and Management Act, Cap 376

Source: MCM (2006).

APPENDIX 6: MAP OF MOMBASA MUNICIPALITY



Source: (MCM 2007)



Municipal Council
of
Mombasa
Office of the Town Treasurer

Ref: C.37

19th September 2007

Benard M. Obera
P O Box 89383
Mombasa

Dear Sir

RE: REQUEST FOR PERMISSION TO CONDUCT A RESEARCH

We are glad to inform you that your request of conducting a research has been accepted subject to the following conditions:-

- 1. You will not be paid for the period you will be with us.*
- 2. You will arrange for your own Insurance Cover*
- 3. You will abide with the rules governing this Council.*

Yours faithfully


Andrew M. Wanyonyi
TOWN TREASURER

Nsk/amo

KENYATTA UNIVERSITY LIBRARY