



**COUNTY GOVERNMENT OF MOMBASA
COUNTY TREASURY**

MEDIUM TERM

**DRAFT FISCAL STRATEGY
PAPER 2021**

©January 2021

MOMBASA 2020 DRAFT COUNTY FISCAL STRATEGY PAPER

The 2021 Mombasa County Fiscal Strategy Paper identifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for Financial Year (FY) 2021/2022 and the Medium Term in accordance with the Public Finance Management Act 2012, section 117. The strategy covers the following broad areas: review of the fiscal performance of the first half of FY 2020/2021; highlights of the recent economic developments and economic outlook; broad strategic priorities and policies for FY 2021/2021 as indicated in the Medium-Term Fiscal Framework and as outlined in the Mombasa County Integrated Development Plan (CIDP) 2018-2022. This is the eighth Fiscal Strategy Paper since the advent of the County Governments and the third one to implement the CIDP 2018-2022.

This strategy will also compliment the National Government's BIG FOUR development agenda, the Mombasa Vision 2035, the Sustainable Development Goals (SDGs), the Covid-19 socio economic reengineering strategy and all other development blueprints. The critical programmes to be implemented are expected to stimulate the County's socio-economic development and revamp the economy.

The key County proposed priority areas are;

- Enhanced health services
- Sustainable waste management services
- Augment accessibility to safe potable water and sustained food security
- Integrated Quality Education, Gender empowerment, Youth & Sports improvement
- Affordable Housing Services and Land management
- Public and onsite Infrastructure development

County Priority Areas

The 2021 County Fiscal Strategy Paper (CFSP) is prepared against a background of a contracting global economy occasioned by the outbreak and the rapid spread of the Covid-19 Pandemic. The Pandemic and the ensuing containment measures have devastated global economies disrupting businesses and livelihoods. As a result, global economy is projected to contract by 4.4 percent in 2020 before rebounding to grow by 5.2 percent in 2021.

On the domestic scene, Kenya has not been spared of the negative impact of the Pandemic. Mombasa County was among the most affected counties which necessitated a total lock down and cessation of movement in some areas. The Pandemic and the resultant containment measures have adversely affected businesses and economic activities. As a result, the Kenyan economy contracted by 5.7 percent in the second quarter of 2020 from a growth of 4.9 percent in the

first quarter of 2020 largely due to significant contractions in the services and industry sub-sectors. Nonetheless, there has been an improvement in economic activity in the third and fourth quarters of 2020, albeit at a slow pace, following reopening of the economy but pickup is weak. Consequently, growth is projected to bounce back to 6.4 percent in 2021 from the projected 0.6 percent in 2020.

The County Government will roll out the Post Covid-19 Economic Recovery Strategy which will mitigate the adverse impacts of the Pandemic on the economy and further re-position the economy on a steady and sustainable growth trajectory. The policies in this document have also been anchored on the Medium-Term Plan III of the Vision 2030 as prioritized in the “Big Four” Agenda.

The focus of the policies is to continue providing an enabling environment for economic recovery to safeguard livelihoods, jobs, businesses and industrial recovery. In this respect, the Government will strengthen implementation of programmes and measures that ensure a more inclusive growth, foster macroeconomic stability and support Micro, Small and Medium Enterprises (MSMEs).

As we prepare the budget for the FY 2021/22, we are cognizant of prevailing unfavorable macroeconomic conditions which has adversely affected revenue performance. At the same time, additional expenditure requests for FY 2020/21 budget are at unprecedented levels which necessitated alignment of expenditures to the available fiscal space. Thus, we have had to critically review our existing programmes and policies to ensure that they are not only consistent with our development agenda but also informed by emerging realities brought about by the emergence of Covid-19 Pandemic.

The fiscal framework for the financial year 2021/22 entails a deliberate effort to continue exercising prudence in public expenditure management with the principal goal of containing fiscal risks, gradually lowering the fiscal deficit, and adopting austerity measures to deter increase of recurrent expenditures in favor of productive capital spending. To achieve this, the Government endeavors to prioritize expenditure in provision of safe potable water, quality health services, modernized education institutions, improved infrastructure, sanitation and waste management, social protection as well as youth and gender empowerment. The overall objective of this is to realize sustainable, shared and equitable growth that would in return lead to accelerated job creation and improved livelihoods for the citizenry.

1. **Enhanced health services**

The Covid -19 pandemic was a wakeup call for Governments to ensure that health services are given utmost priority. In this regard, the County Government of Mombasa strives to achieve Universal Health care and will endeavor to ensure that its citizens have access to the best possible affordable and quality health services by heavily investing in the sector. The County Government has a social protection strategy in place which prioritizes Universal Health Care thus ultimately reducing the out-of-pocket expenditure on health by advocating the enrolment of the citizens into the National Health Insurance fund.

The county hosts the Coast General Teaching and Referral Hospital which is the largest referral facility serving the entire coastal region and offers specialized health services. In order to complement this facility, the county has set up satellite level 4 hospitals which have been equipped and upgraded so as to improve accessibility to the citizens and the region at large.

2. **Augment accessibility to safe potable water and sustained food security**

Portable water consumed in the County is managed by the Mombasa Water and Sewerage Company (MOWASCO). This entity obtains its main water supply from Mzima Springs in Taita Taveta County, Marere in Kwale County, Sabaki/Baricho in Kilifi County and also Tiwi Boreholes in Kwale County.

The projected water demand for the County is 186,000 cubic meters per day while the current supply is at 42,000 cubic meters. The available supply can only meet about 25% of the demand and thus there is need for concerted efforts to address the water deficit. The establishment of desalination plants that will address the shortfall has been prioritized within the county development plans. A large population relies on borehole water that contains a high percentage of fecal contamination and not safe for domestic use.

There are 452 shallow wells spread across the entire county, three permanent springs, four water pans found in the remote areas of the county and a number of boreholes operated by private investors, NGOs and local CBO's. These sources are complemented by the pipe water system. The piping system is rehabilitated in phases by the Coast Water Services Board with the support of the Water and Sanitation Development Project (WSDP) by the World Bank, as it is a capital-intensive project.

The County Government has a dedicated department that addresses all matters food security and harnessing of the blue economy. It has aligned its plans and strategies to address food security so as to complement a major component of the big four agenda and to ensure that there is sustainability in food security within the county.

3. Public and onsite Infrastructure development

As the county diversifies its economic activities and positions its self to becoming a preferred destination for investors both local and foreign so as to improve the quality of life for its citizens, it will establish onsite infrastructure. This is will stimulate the ailing economy by providing an enabling environment for investment and delivery of services by acting as a catalyst that ensures amongst others a vibrant 24 hours economy and also a preferred worldwide tourist destination.

In infrastructure development, the main interventions will be improvement of access roads, drainage, non-motorized transport, beautification and aesthesis of the County.

To empower the SMES the county will continue to improve and set up trading infrastructure within the county.

The Department of Health continues to strategize and improve the support it offers to the community units which are manned by community health workers so as to address sanitation, hygiene and health issues as well as stepping up the water and sanitation programme compliance in the county.

4. Sustainable Waste Management Services

As the County aligns itself to the Green economy which is a global phenomenon, unstructured waste disposal continues to be the leading cause of environmental degradation due to lack of an efficient and effective solid waste management system. Due to the proliferation of illegal dumpsites witnessed within the county with piles of uncollected garbage littering most estates, the county is embarking on putting up structures and mechanisms so as to address the perennial menace.

An exponential amount of untreated sewage is being disposed off into the Indian Ocean while solid waste is disposed at the Mwakirunge Dumpsites with only 17 per cent of the County being connected to the sanitation and sewerage system at Kipevu Sewerage plant. In this regard, the County Government is currently embarking on solid waste management initiatives with efforts in place to commission landfills that will adhere to environmental safeguards.

The safe disposal of solid and liquid waste will inhibit disposal of raw and untreated waste into our water bodies.

5. Integrated Quality Education, Gender empowerment, Youth & Sports improvement

As the County nurtures a globally competitive workforce that will drive economic growth and spur job creation, rehabilitation and improvement of the Technical and Vocational Training Institutions (TVETs) is paramount.

To increase enrolment and retention in Early Childhood Education, the County is investing in construction of modern and state of the art ECDEs as well as rehabilitation and equipping of the existing ones. In addition, the County Government continues to issue bursaries for vocational training sponsorship to School leavers, dropouts and the youth in general.

The County intends to exploit and tap into the Youth talents by ensuring we have adequate sporting facilities within the County for them nurture their talents. Provision of a revolving fund with the county's budget will empower Women, Youth and Persons living with disabilities so as to improve their standards of living and their quality of life.

6. Affordable Housing Services and Land management

Being the smallest County in land mass within the Country, housing and land management has been prioritized so as to provide a dignified, peaceful and stable coexistence of our citizens through planning, land administration and provision of decent, adequate and affordable housing.

The County will continue to work closely with the National Government in Planning and issuance of titles in the medium term and also repossession of all grabbed public land.

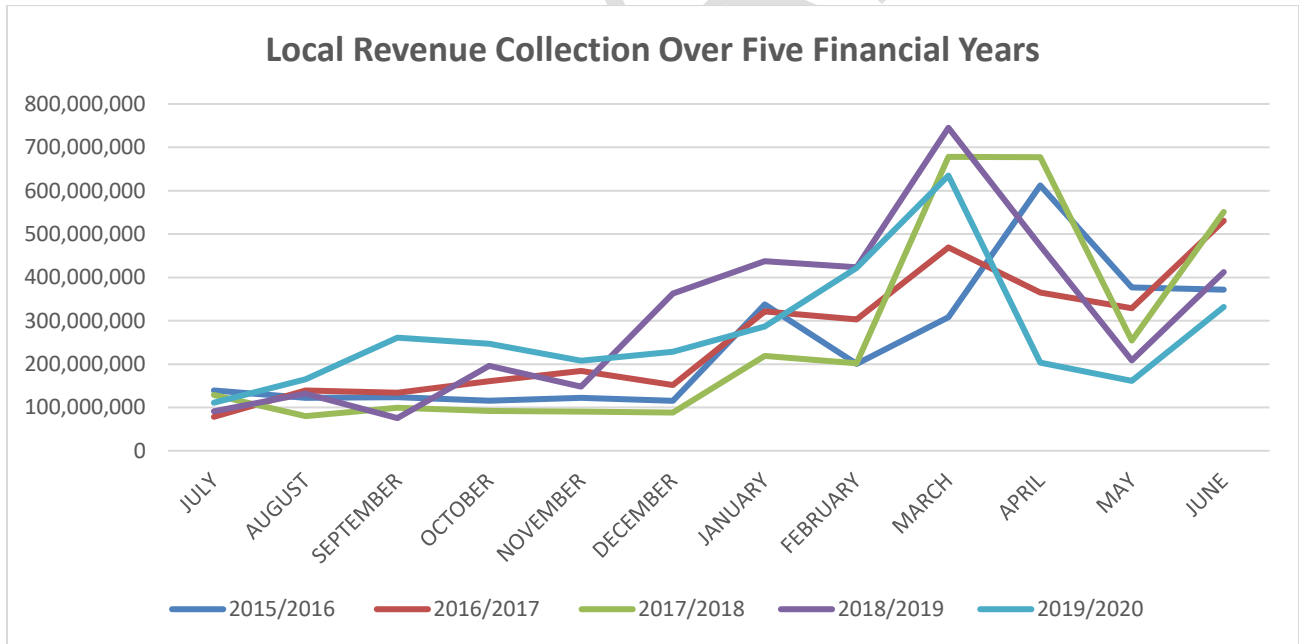
In this regard, the County will take part in surveying, planning and land mapping to ensure investors and the residents are able to benefit from land as a factor of production.

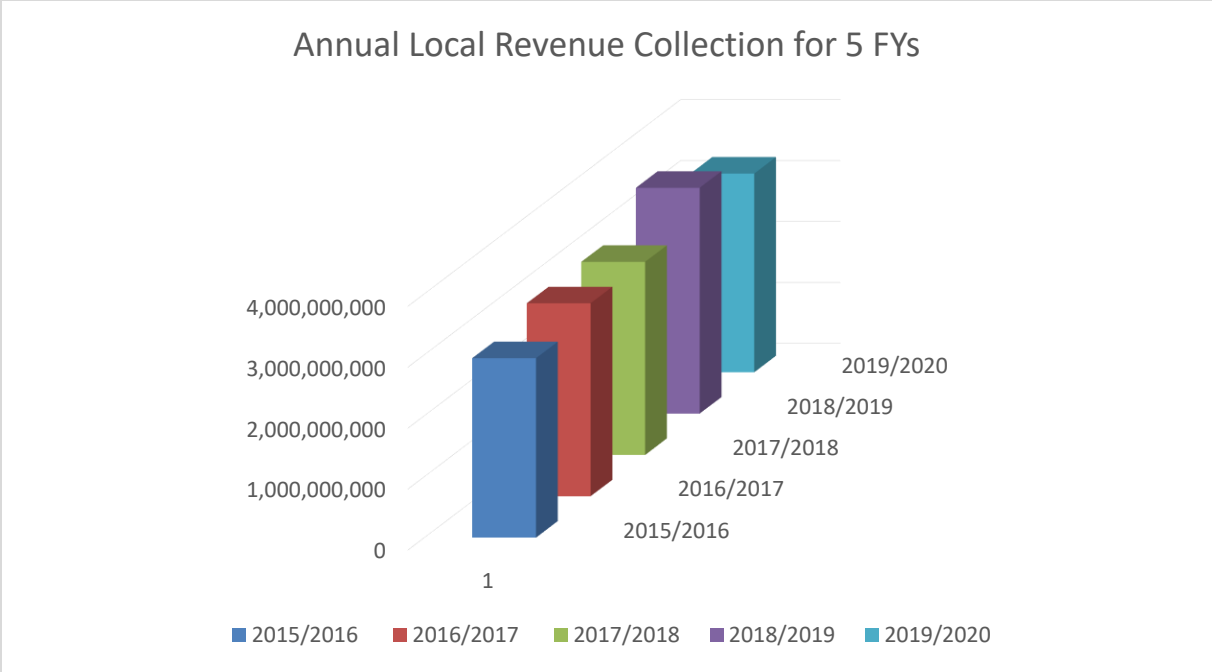
In order to compliment the 'Big Four' agenda, the County has a mega program on Social Housing Units which entails Construction of 3,000 social housing units within the County owned dilapidated Estates.

LOCAL REVENUE REALIZED WITHIN FIVE FINANCIAL YEARS

MONTH	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
JULY	138,888,662	78,327,409	128,948,779	91,417,758	110,950,638
AUGUST	121,870,568	138,978,980	79,974,633	131,852,605	164,898,523
SEPTEMBER	123,410,370	134,037,320	98,958,707	75,372,653	261,239,934
OCTOBER	115,703,161	160,474,776	91,999,794	195,706,353	246,980,210
NOVEMBER	122,057,894	183,999,072	90,326,887	147,841,146	208,062,247
DECEMBER	115,254,598	151,828,812	88,025,962	363,008,810	228,135,477
JANUARY	337,339,057	321,392,757	218,656,932	437,327,591	286,662,913
FEBRUARY	200,260,788	303,286,028	202,052,628	423,072,353	421,502,866
MARCH	308,215,252	469,422,317	677,958,599	745,066,240	634,772,214
APRIL	612,075,951	365,071,728	677,126,092	472,840,320	203,268,450
MAY	376,582,733	328,912,588	254,091,979	208,729,502	161,450,270
JUNE	371,871,652	530,509,174	551,010,104	412,062,041	332,130,650
TOTAL	2,943,530,686	3,166,240,961	3,168,013,709	3,704,297,372	3,260,008,335

Source: County Treasury





Source: Table 1

In the current financial as at 30th December 2020 the actual revenue collection attained in the half of the FY was Ksh 3,420,040,030 which is 23.4 % of the total estimated budget of Ksh 14,634,579,687. The National Government transfers was Ksh 2,715,970,802 and local revenue of Ksh 704,069,228. The expenditure for the said period amounted to Ksh 2,631,962,603.

Projected FY 2021/2022 Revenues and Expenditure

REVENUE/EXPENDITURE PROJECTIONS	2021/2022 (KSHS.)
National Government Equitable Share	7,668,903,100
Conditional Grants	842,475,581
Total Exchequer Issues	8,511,378,681
County Local Sources	4,588,621,319
Total Revenue	13,100,000,000
Expenditure	
Personnel	5,518,405,854
Operations Repair and Maintenance	3,650,594,146
Capital Expenditure	3,931,000,000
Total Expenditure	13,100,000,000
Surplus/ (Deficit)	0

Projected FY 2020/2021 -2022/2023 Revenues and Expenditure

REVENUE/EXPENDITURE PROJECTIONS	ACTUAL 2019/2020 (KSHS.)	2020/2021 (KSHS.)	2021/2022 (KSHS.)
Revenues			
National Government Equitable Share	7,057,950,000	7,437,750,000 *	7,668,903,100
Conditional Grants	1,032,493,924	1,944,381,324	842,475,581
Total Exchequer Issues	8,090,443,924	9,382,131,324	8,511,378,681
County Local Sources	3,260,008,335	5,252,448,363	4,588,621,319
Total Revenue	11,350,452,259	14,634,579,687	13,100,000,000
Expenditures			
Personnel	4,460,837,110	5,332,449,007	5,518,405,854
Operations Repair and Maintenance	4,385,962,606	4,376,789,099	3,650,594,146
Capital Expenditure	1,891,011,178	4,925,341,581	3,931,000,000
Total Expenditure	10,737,810,894	14,634,579,687	13,100,000,000
Surplus/(Deficit)	0	0	0

Summary of Medium-Term Costs and Ceiling 2019/20 - 2023/24, Ksh Million

DEPARTMENTS	Actual Expenditure 2019/2020	Budgeted 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024
RECURRENT	A	B	C	D	E
County Executive	169,522,488	353,392,288	356,491,789	369,000,000	375,273,000
County Assembly	661,397,987	658,609,194	659,382,942	675,475,000	686,958,075
Public Service Board	41,923,082	121,377,889	130,000,000	133,250,000	135,515,250
Finance & Economic Planning	1,666,783,516	1,014,007,043	629,000,000	932,750,000	948,606,750
Environment, Solid Waste Management and Energy	374,152,255	612,507,149	612,000,000	630,375,000	641,091,375
Education, Information Technology & MV 2035	367,548,514	661,158,345	596,000,000	662,150,000	673,406,550
Health Services	3,252,933,822	3,225,659,735	3,271,787,854	3,485,000,000	3,544,245,000
Water, Sanitation & Natural Resources	18,383,345	128,861,433	130,000,000	133,250,000	135,515,250
Youth, Gender, Sports and Cultural Affairs	87,112,572	430,379,042	400,000,000	307,500,000	312,727,500
Trade, Tourism & Investment	233,951,403	458,875,184	445,160,775	358,750,000	364,848,750
Lands, Housing and Physical Planning	125,847,715	346,776,432	273,000,000	276,750,000	281,454,750
Transport, Infrastructure & Public Works	354,215,946	558,548,738	510,000,000	574,000,000	583,758,000
Agriculture, Fisheries, Livestock and Co-operatives	112,458,685	282,930,223	250,000,000	256,250,000	260,606,250
Devolution & Public Service Administration	1,380,568,384	856,155,411	906,176,640	943,000,000	959,031,000
TOTAL	8,846,799,714	9,709,238,106	9,169,000,000	9,737,500,000	9,903,037,500
	Actual Expenditure 2019/2020	Budgeted 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024
DEVELOPMENT	A	B	C	D	E
County Executive	1,385,149	22,424,673	30,000,000	25,625,000	26,060,625
County Assembly	-	25,773,748	25,000,000	30,750,000	31,272,750
Public Service Board	300,040	11,637,280	20,000,000	20,500,000	20,848,500

Finance & Economic Planning	262,652,339	415,537,693	350,000,000	358,750,000	364,848,750
Environment, Solid Waste Management and Energy	133,453,716	365,372,081	305,000,000	312,625,000	317,939,625
Education, Information Technology & MV 2035	61,754,154	311,329,356	431,000,000	307,500,000	312,727,500
Health Services	8,277,088	451,641,776	370,000,000	328,000,000	333,576,000
Water, Sanitation & Natural Resources	264,282,619	1,350,225,704	300,000,000	1,230,000,000	1,250,910,000
Youth, Gender, Sports and Cultural Affairs	94,155,807	485,595,266	500,000,000	512,500,000	521,212,500
Trade, Tourism & Investment	52,728,987	350,056,936	400,000,000	389,500,000	396,121,500
Lands, Housing and Physical Planning	89,114,199	171,329,963	180,000,000	184,500,000	187,636,500
Transport, Infrastructure & Public Works	884,955,055	668,855,896	680,000,000	768,750,000	781,818,750
Agriculture, Fisheries, Livestock and Co-operatives	29,467,231	200,015,626	230,000,000	256,250,000	260,606,250
Devolution & Public Service Administration	8,484,793	95,545,582	110,000,000	92,250,000	93,818,250
TOTAL	1,891,011,177	4,925,341,580	3,931,000,000	4,817,500,000	4,899,397,500
	Actual Expenditure 2019/2020	Budgeted 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024
TOTAL	A	B	C	D	E
County Executive	170,907,637	375,816,961	386,491,789	394,625,000	401,333,625
County Assembly	661,397,987	684,382,942	684,382,942	706,225,000	718,230,825
Public Service Board	42,223,122	133,015,169	150,000,000	153,750,000	156,363,750
Finance & Economic Planning	1,929,435,855	1,429,544,736	979,000,000	1,291,500,000	1,313,455,500
Environment, Solid Waste Management and Energy	507,605,972	977,879,230	917,000,000	943,000,000	959,031,000
Education, Information Technology & MV 2035	429,302,668	972,487,701	1,027,000,000	969,650,000	986,134,050
Health Services	3,261,210,911	3,677,301,511	3,641,787,854	3,813,000,000	3,877,821,000
Water, Sanitation & Natural Resources	282,665,964	1,479,087,137	430,000,000	1,363,250,000	1,386,425,250
Youth, Gender, Sports and Cultural Affairs	181,268,380	915,974,308	900,000,000	820,000,000	833,940,000
Trade, Tourism & Investment	286,680,390	808,932,120	845,160,775	748,250,000	760,970,250
Lands, Housing and Physical Planning	214,961,915	518,106,395	453,000,000	461,250,000	469,091,250
Transport, Infrastructure & Public Works	1,239,171,000	1,227,404,634	1,190,000,000	1,342,750,000	1,365,576,750
Agriculture, Fisheries, Livestock and Co-operatives	141,925,916	482,945,849	480,000,000	512,500,000	521,212,500
Devolution & Public Service Administration	1,389,053,177	951,700,994	1,016,176,640	1,035,250,000	1,052,849,250
TOTAL	10,737,810,894	14,634,579,687	13,100,000,000	14,555,000,000	14,802,435,000

FY 2021/22 DEPARTMENTAL CEILINGS

DEPARTMENTS	CONSOLIDATED REVENUE	PERSONNEL	OPERATIONS AND MAINTENANCE	RECURRENT	DEVELOPMENT	TOTAL EXPENDITURE	PERCENTAGE
County Executive		-	356,491,789	356,491,789	30,000,000	386,491,789	3.0
County Assembly		393,800,714	265,582,228	659,382,942	25,000,000	684,382,942	5.2
Public Service Board		64,606,947	65,393,053	130,000,000	20,000,000	150,000,000	1.1
Finance & Economic Planning	13,100,000,000	322,054,922	306,945,078	629,000,000	350,000,000	979,000,000	7.5
Environment, Solid Waste Management and Energy		345,274,748	266,725,252	612,000,000	305,000,000	917,000,000	7.0
Education, Information Technology & MV 2035		271,027,742	324,972,258	596,000,000	431,000,000	1,027,000,000	7.8
Health Services		2,526,383,682	745,404,172	3,271,787,854	370,000,000	3,641,787,854	27.8
Water, Sanitation & Natural Resources		31,682,905	98,317,095	130,000,000	300,000,000	430,000,000	3.3
Youth, Gender, Sports and Cultural Affairs		104,865,689	295,134,311	400,000,000	500,000,000	900,000,000	6.9
Trade, Tourism & Investment		288,669,719	156,491,056	445,160,775	400,000,000	845,160,775	6.5
Lands, Housing and Physical Planning		121,133,825	151,866,175	273,000,000	180,000,000	453,000,000	3.5
Transport, Infrastructure & Public Works		262,371,190	247,628,810	510,000,000	680,000,000	1,190,000,000	9.1
Agriculture, Fisheries, Livestock and Co-operatives		130,721,109	119,278,891	250,000,000	230,000,000	480,000,000	3.7
Devolution & Public Service Administration		655,812,661	250,363,979	906,176,640	110,000,000	1,016,176,640	7.8
TOTAL		5,518,405,854	3,650,594,147	9,169,000,000	3,931,000,000	13,100,000,000	100
SURPLUS / (DEFICIT)	0						
REVENUE SOURCES							
Local Revenue	4,588,621,319						
Exchequer Issues	8,511,378,681						
TOTAL REVENUE	13,100,000,000						