



**COUNTY GOVERNMENT OF MOMBASA
COUNTY TREASURY**

MEDIUM TERM

**DRAFT FISCAL STRATEGY
PAPER 2022**

©November 2021

MOMBASA 2022 DRAFT COUNTY FISCAL STRATEGY PAPER

The 2022 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) 2022/2023 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 quarter of FY 2021/2022; highlights of the recent economic developments and economic outlook; broad strategic priorities and policies for FY 2022/2023 as indicated in the Medium-Term Fiscal Framework and as outlined in the Mombasa County Integrated Development Plan (CIDP) 2018-2022. This is the last Fiscal Strategy Paper to implement the CIDP 2018-2022.

This strategy will continue to 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;

- ❖ Revamping of quality and affordable health services
- ❖ Streamlined waste management services
- ❖ Increased accessibility to safe potable water and sustained food security
- ❖ Provision of inclusive Quality Education, Gender empowerment, Youth & Sports development
- ❖ Land management and affordable Housing Services
- ❖ Public and onsite Infrastructure development

County Priority Areas

The 2022 Mombasa County Fiscal Strategy Paper (CFSP) is prepared against a background of expected global recovery after a slump in 2020 occasioned by the negative effects of the COVID-19 pandemic. The Pandemic and the ensuing containment measures have devastated the County's economy disrupting businesses and livelihoods.

The global economy is projected to grow by 5.9 percent in 2021, from a contraction of 3.1 percent in 2020. However, economic prospects vary across countries with the emerging markets and developing economies expected to pick up slowly compared to advanced economies given different country policy responses to the pandemic. The projected recovery in advanced economies reflects the anticipated additional fiscal support in the second half of 2021 and broader vaccinations coverage across the globe.

On the domestic scene, Kenya's economy rebounded strongly in the second quarter of 2021, with real GDP growing 10.1 percent supported by easing of COVID-19 containment measures. Economic growth is projected to rebound to 6.0 percent in 2021 from the contraction of 0.3 percent in 2020. In terms of fiscal years, economic growth is projected to recover to 5.9 percent in FY 2021/22 from 2.9 percent in FY 2020/21.

Mombasa County has not been spared of the negative impact of the Pandemic as it was among the most affected counties which necessitated a total lock down and cessation of movement in some areas in the early phases of the pandemic. The Pandemic and the resultant containment measures adversely affected businesses and economic activities.

The County Government will gradually continue to 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 2022/23, we are cognizant of prevailing unfavorable macroeconomic conditions which has adversely affected revenue performance. At the same time, additional expenditure has been channeled for completion of all ongoing and pending projects for FY 2022/23 budget are at unprecedented levels which necessitated alignment of expenditures as we complete the implementation of the 2018-2022 CIDP in line with 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 2022/23 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 County 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. Revamping of quality and affordable health services

The Covid -19 pandemic has been a wakeup call for Governments to ensure that health services are given outmost 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.

The ongoing litigation hampering the Counties from accessing conditional grants is threatening to water down the gains that have been achieved in the health sector especially in the referral hospital as it largely depends on the conditional grants for their daily operations.

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.

2. Increased 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 piped water system. The rehabilitation and laying of new piping system is currently ongoing in phases 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 continuously addresses all matters food security including harnessing of the blue economy, promotion of urban agriculture, mariculture as well as promotion of livestock rearing. 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 continues to 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.

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. Provision of inclusive Quality Education, Gender empowerment, Youth & Sports development

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 within 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. Land management and affordable Housing Services

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.

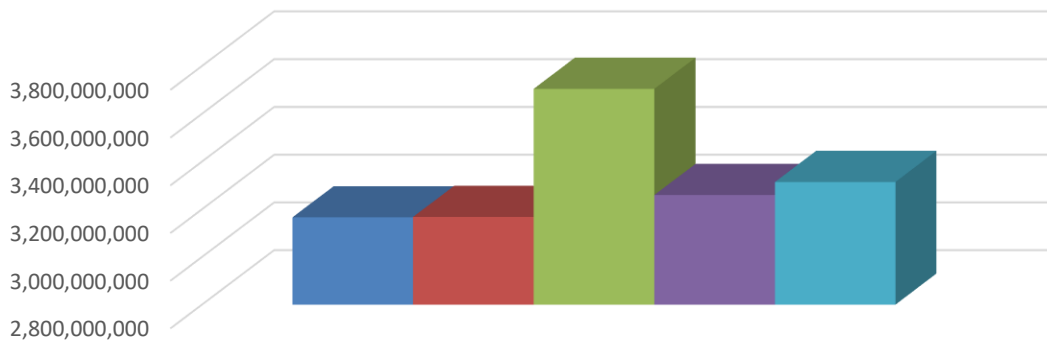
In order to compliment the 'Big Four' agenda, the County has commissioned the mega program on Social Housing Units which entails Construction of 3,000 social housing units within the County owned dilapidated Estates.

LOCAL REVENUE REALIZED WITHIN FIVE FINANCIAL YEARS

MONTH	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
JULY	78,327,409	128,948,779	91,417,758	110,950,638	133,177,640
AUGUST	138,978,980	79,974,633	131,852,605	164,898,523	180,063,924
SEPTEMBER	134,037,320	98,958,707	75,372,653	261,239,934	207,752,314
OCTOBER	160,474,776	91,999,794	195,706,353	246,980,210	200,978,869
NOVEMBER	183,999,072	90,326,887	147,841,146	208,062,247	195,076,359
DECEMBER	151,828,812	88,025,962	363,008,810	228,135,477	162,790,308
JANUARY	321,392,757	218,656,932	437,327,591	286,662,913	441,650,127
FEBRUARY	303,286,028	202,052,628	423,072,353	421,502,866	415,598,494
MARCH	469,422,317	677,958,599	745,066,240	634,772,214	541,582,202
APRIL	365,071,728	677,126,092	472,840,320	203,268,450	280,251,148
MAY	328,912,588	254,091,979	208,729,502	161,450,270	211,868,868
JUNE	530,509,174	551,010,104	412,062,041	332,130,650	343,741,925
TOTAL	3,166,240,961	3,168,013,709	3,704,297,372	3,260,008,335	3,314,532,178

Source: County Treasury

**Annual Local Revenue Collection for Five FYs
(2016/17- 2020/21)**



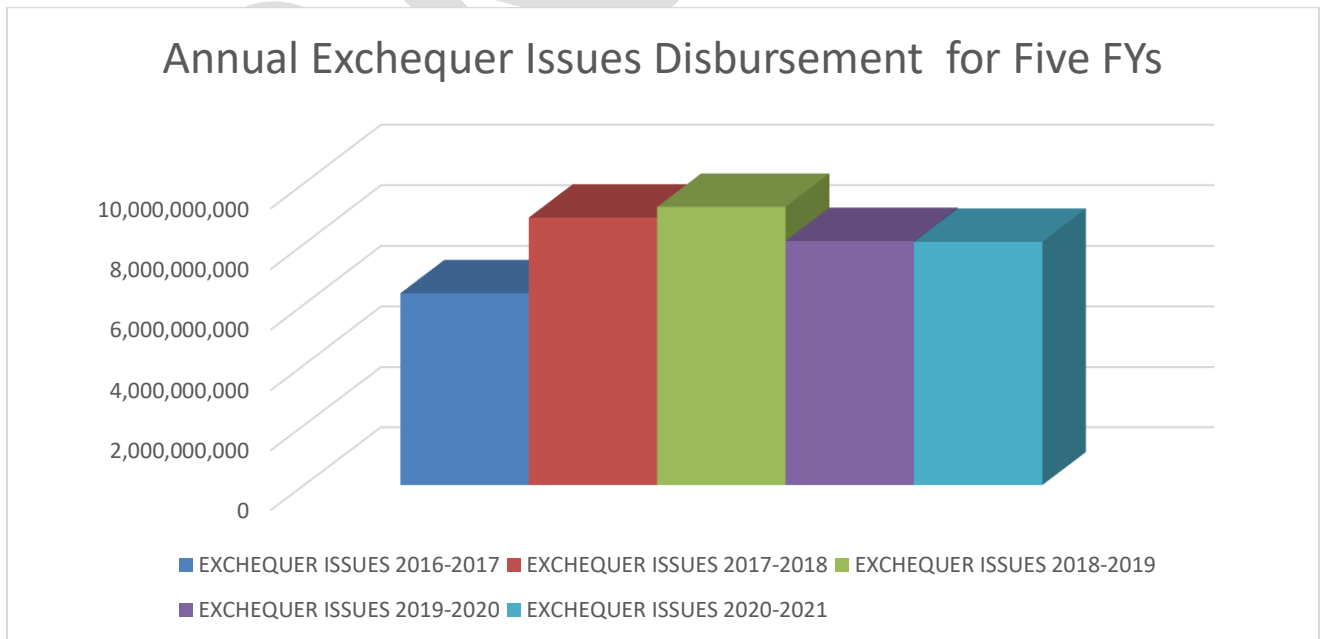
EXCHEQUER ISSUES DISBURSED WITHIN FIVE FINANCIAL YEARS

Exchequer issues from the National Government continues to dip two years in a row as shown below.

Actual Monthly Exchequer Issues disbursed Over Five Financial Years 2016/2017– 2020/2021

	<i>KSHS.</i>	<i>KSHS.</i>	<i>KSHS.</i>	<i>KSHS.</i>	
<i>MONTH</i>	<i>EXCHEQUER ISSUES 2016-2017</i>	<i>EXCHEQUER ISSUES 2017-2018</i>	<i>EXCHEQUER ISSUES 2018-2019</i>	<i>EXCHEQUER ISSUES 2019-2020</i>	<i>EXCHEQUER ISSUES 2020-2021</i>
<i>JULY</i>	0	597,970,752	0	0	0
<i>AUGUST</i>	1,037,748,641	0	430,761,965	0	0
<i>SEPTEMBER</i>	501,676,603	473,286,618	587,699,500	1,228,083,300	0
<i>OCTOBER</i>	518,083,015	0	741,181,901	632,224,439	1,164,561,750
<i>NOVEMBER</i>	558,883,251	996,790,289	875,741,969	0	828,146,904
<i>DECEMBER</i>	501,676,603	843,101,778	822,680,000	824,676,155	574,671,000
<i>JANUARY</i>	478,282,890	866,001,087	944,297,016	949,232,625	798,466,182
<i>FEBRUARY</i>	15,105,000	683,706,112	794,895,339	1,592,730,838	628,955,904
<i>MARCH</i>	577,456,833	712,190,289	0	564,636,000	599,925,750
<i>APRIL</i>	525,787,311	78,786,439	1,515,161,166	40,134,590	599,925,750
<i>MAY</i>	1,111,343,905	824,219,384	54,151,120	741,084,750	574,844,314
<i>JUNE</i>	538,706,387	2,786,366,845	2,449,218,601	1,517,641,228	2,293,217,209
<i>TOTAL</i>	<i>6,364,750,439</i>	<i>8,862,419,593</i>	<i>9,215,788,577</i>	<i>8,090,443,924</i>	<i>8,062,714,763</i>

Source: County Treasury



FISCAL PERFORMANCE FOR THE 2021/22 FY

The Mombasa County Assembly approved the Budget 2021/2022 with expenditure amounting to Ksh. 14,500,000,000, comprising of recurrent expenditure of Ksh. 9,317,499,950, and development expenditure of Ksh. 5,182,500,050.

In the first quarter of the current financial year 2021/2022, as at 30th September 2021, the actual revenue attained was Ksh 2,022,435,936 which is 14.0 % of the total estimated budget of Ksh 14,500,000,000. The National Government transfers was Ksh 1,248,613,420 and local revenue of Ksh 773,822,516. Comparatively the same period in the 2020/2021 FY the revenues realized was Ksh. 520,993,878 which was 5.0 % of the total estimated budget of Ksh. 14,634,579,687. The National Government transfers were not disbursed during the first quarter.

Total expenditure for the first quarter of the FY 2021/22 amounted to Ksh 1,159,775,802 which was an 8 percent of the total budget and an increase in expenditure compared to the same period in the last financial year 2020/21 which was Ksh 527,993,807.

Recurrent expenditure amounted to Ksh 519,352,787 which comprises of Ksh 509,485,690 for compensation of employees, Ksh 9,867,097 on use of goods and services and Ksh 54,000,000 as transfers to other Government Entities.

Development expenditure for the first quarter of the current financial year amounted to Ksh 586,423,015. The underperformance in development expenditure was due to lack of disbursement of funds to undertake the same.

Projected FY 2022/2023 Revenues and Expenditure

REVENUE/EXPENDITURE PROJECTIONS	2022/2023 (KSHS.)
National Government Equitable Share	7,567,354,061
Conditional Grants* (Projections)	1,932,645,939
Total Exchequer Issues	9,500,000,000
County Local Sources	4,700,000,000
Total Revenue	14,200,000,000
Expenditure	
Personnel	5,676,589,494
Operations Repair and Maintenance	3,823,410,506
Capital Expenditure	4,700,000,000
Total Expenditure	14,200,000,000
Surplus/ (Deficit)	0

Revenues and Expenditure Analysis

REVENUE/EXPENDITURE PROJECTIONS	ACTUAL 2020/2021 (KSHS.)	BUDGETED 2021/2022 (KSHS.)	PROJECTED 2022/2023(KSHS.)
Revenues			
National Government Equitable Share	7,057,950,000	7,567,354,061	7,567,354,061
Conditional Grants	1,004,764,763	1,966,315,832	1,932,645,939*
Total Exchequer Issues	8,062,714,763	9,533,669,893	9,500,000,000
County Local Sources	3,314,532,178	4,966,330,107	4,700,000,000
Total Revenue	11,377,246,941	14,500,000,000	14,200,000,000
Expenditures			
Personnel	4,464,815,316	5,339,555,958	5,676,589,494
Operations Repair and Maintenance	4,242,785,727	3,977,943,992	3,823,410,506
Capital Expenditure	2,181,865,186	5,182,500,050	4,700,000,000
Total Expenditure	10,889,466,230	14,500,000,000	14,200,000,000
Surplus/ (Deficit)	0	0	0

Source: County Treasury

Summary of Medium-Term Costs and Ceiling 2020/21 - 2024/25, Ksh Million

DEPARTMENTS	Actual Expenditure 2020/2021	Budgeted 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025
RECURRENT	A	B	C	D	E
County Executive	134,579,861	356,491,789	360,000,000	369,000,000	375,273,000
County Assembly	591,624,069	779,254,392	659,000,000	675,475,000	686,958,075
Public Service Board	55,517,935	130,000,000	130,000,000	133,250,000	135,515,250
Finance & Economic Planning	1,207,271,537	634,128,550	910,000,000	777,750,000	748,606,750
Environment, Solid Waste Management and Energy	516,035,050	612,000,000	615,000,000	630,375,000	641,091,375
Education, Information Technology & MV 2035	460,923,816	596,000,000	646,000,000	662,150,000	673,406,550
Health Services	2,817,451,165	3,271,787,854	3,400,000,000	3,485,000,000	3,544,245,000
Water, Sanitation & Natural Resources	75,010,927	130,000,000	130,000,000	133,250,000	135,515,250
Youth, Gender, Sports and Cultural Affairs	168,489,055	400,000,000	300,000,000	307,500,000	312,727,500
Trade, Tourism & Investment	378,144,656	445,160,775	350,000,000	358,750,000	364,848,750
Lands, Housing and Physical Planning	312,130,306	273,000,000	270,000,000	276,750,000	281,454,750
Transport, Infrastructure & Public Works	426,884,567	510,000,000	560,000,000	574,000,000	583,758,000
Agriculture, Fisheries, Livestock and Co-operatives	156,282,564	273,499,950	250,000,000	256,250,000	260,606,250
Devolution & Public Service Administration	1,407,255,536	906,176,640	920,000,000	943,000,000	959,031,000
TOTAL	8,707,601,043	9,317,499,950	9,500,000,000	9,582,500,000	9,703,037,500
	Actual Expenditure 2020/2021	Budgeted 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025
DEVELOPMENT	A	B	C	D	E
County Executive	-	30,000,000	25,000,000	25,625,000	26,060,625
County Assembly	-	200,000,000	30,000,000	30,750,000	31,272,750
Public Service Board	1,963,552	20,000,000	20,000,000	20,500,000	20,848,500
Finance & Economic Planning	407,082,086	326,500,050	350,000,000	258,750,000	362,413,750
Environment, Solid Waste Management and Energy	65,828,233	305,000,000	305,000,000	312,625,000	317,939,625
Education, Information Technology & MV 2035	92,285,458	431,000,000	300,000,000	307,500,000	312,727,500

Health Services	93,730,825	370,000,000	320,000,000	328,000,000	333,576,000
Water, Sanitation & Natural Resources	258,221,154	1,100,000,000	1,200,000,000	1,230,000,000	1,250,910,000
Youth, Gender, Sports and Cultural Affairs	285,610,817	500,000,000	500,000,000	512,500,000	521,212,500
Trade, Tourism & Investment	71,969,035	400,000,000	380,000,000	389,500,000	396,121,500
Lands, Housing and Physical Planning	175,852,005	480,000,000	180,000,000	184,500,000	187,636,500
Transport, Infrastructure & Public Works	694,472,190	680,000,000	750,000,000	768,750,000	781,818,750
Agriculture, Fisheries, Livestock and Co-operatives	19,292,134	230,000,000	250,000,000	256,250,000	260,606,250
Devolution & Public Service Administration	15,557,697	110,000,000	90,000,000	92,250,000	93,818,250
TOTAL	2,181,865,186	5,182,500,050	4,700,000,000	4,717,500,000	4,896,962,500
	Actual Expenditure 2020/2021	Budgeted 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025
TOTAL	A	B	C	D	E
County Executive	134,579,861	386,491,789	385,000,000	394,625,000	401,333,625
County Assembly	591,624,069	979,254,392	689,000,000	706,225,000	718,230,825
Public Service Board	57,481,487	150,000,000	150,000,000	153,750,000	156,363,750
Finance & Economic Planning	1,614,353,623	960,628,600	1,260,000,000	1,036,500,000	1,111,020,500
Environment, Solid Waste Management and Energy	581,863,283	917,000,000	920,000,000	943,000,000	959,031,000
Education, Information Technology & MV 2035	553,209,274	1,027,000,000	946,000,000	969,650,000	986,134,050
Health Services	2,911,181,990	3,641,787,854	3,720,000,000	3,813,000,000	3,877,821,000
Water, Sanitation & Natural Resources	333,232,081	1,230,000,000	1,330,000,000	1,363,250,000	1,386,425,250
Youth, Gender, Sports and Cultural Affairs	454,099,872	900,000,000	800,000,000	820,000,000	833,940,000
Trade, Tourism & Investment	450,113,691	845,160,775	730,000,000	748,250,000	760,970,250
Lands, Housing and Physical Planning	487,982,311	753,000,000	450,000,000	461,250,000	469,091,250
Transport, Infrastructure & Public Works	1,121,356,757	1,190,000,000	1,310,000,000	1,342,750,000	1,365,576,750
Agriculture, Fisheries, Livestock and Co-operatives	175,574,698	503,499,950	500,000,000	512,500,000	521,212,500
Devolution & Public Service Administration	1,422,813,233	1,016,176,640	1,010,000,000	1,035,250,000	1,052,849,250
TOTAL	10,889,466,230	14,500,000,000	14,200,000,000	14,300,000,000	14,600,000,000

FY 2022/23 DEPARTMENTAL CEILINGS

BUDGET 2021/2022							
	CONSOLIDATED REVENUE	PERSONNEL	OPERATIONS & MAINTENANCE	TOTAL RECURRENT	TOTAL DEVELOPMENT	TOTAL EXPENDITURE	%
County Executive		-	356,491,789	356,491,789	30,000,000	386,491,789	2.7
County Assembly		364,754,583	414,499,809	779,254,392	200,000,000	979,254,392	6.8
Public Service Board		64,606,947	65,393,053	130,000,000	20,000,000	150,000,000	1.0
Finance & Economic Planning	14,500,000,000	172,251,157	461,877,393	634,128,550	326,500,050	960,628,600	6.6
Environment, Waste Management and Energy		345,274,748	266,725,252	612,000,000	305,000,000	917,000,000	6.3
Education, Information Technology & MV 2035		271,027,742	324,972,258	596,000,000	431,000,000	1,027,000,000	7.1
Health Services		2,526,383,682	745,404,172	3,271,787,854	370,000,000	3,641,787,854	25.1
Water, Sanitation & Natural Resources		31,682,905	98,317,095	130,000,000	1,100,000,000	1,230,000,000	8.5
Youth, Gender, Sports and Cultural Affairs		104,865,689	295,134,311	400,000,000	500,000,000	900,000,000	6.2
Trade, Tourism & Investment		288,669,719	156,491,056	445,160,775	400,000,000	845,160,775	5.8
Land, Planning, Housing and Urban Renewal		121,133,825	151,866,175	273,000,000	480,000,000	753,000,000	5.2
Transport, Infrastructure & Public Works		262,371,190	247,628,810	510,000,000	680,000,000	1,190,000,000	8.2
Agriculture, Fisheries, Livestock and Co-operatives		130,721,109	142,778,841	273,499,950	230,000,000	503,499,950	3.5
Devolution & Public Service Administration		655,812,661	250,363,979	906,176,640	110,000,000	1,016,176,640	7.0
TOTAL		5,339,555,958	3,977,943,992	9,317,499,950	5,182,500,050	14,500,000,000	100
SURPLUS / (DEFICIT)	0	37	27	64	36	100	

Source: County Treasury