

27th April 2020

**COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING.
MOMBASA COUNTY
P.O BOX 90440-80100
MOMBASA.**

Dear Mariam,

RE: SUBMISSION ON THE MOMBASA COUNTY BUDGET ESTIMATES 2020.

These submissions are made by the Mombasa County Chamber of Commerce with technical support from the Institute of Public Finance Kenya (IPFK.), an non-profit think tank based in Nairobi aspiring to further- the ideas of open public Finance Management systems through research, training and capacity strengthening.

The Kenya National Chamber of Commerce and Industry (KNCCI) was established in 1965 as an umbrella body of the private sector. The body provides a single voice for the private sector to influence policy, efficient service delivery as well as facilitating monitoring and evaluation of the public sector programs and projects. KNCCI has a county chamber countrywide with a membership of over 100,000 members. The private sector is the engine for economic growth as it plays a major role in the providing revenues for the governments to finance their development goals.

The Budget Estimates (PBB) are prepared pursuant to Section 129 (1) of the Public Finance Management (PFM) Act. The Budget Estimates which should be tabled before the County Assembly by 30th April of each year, set the final spending at the department and programme level. While preparing this document, the County Executive Committee (CEC) member responsible for Finance shall ensure that the estimates submitted are in accordance with the resolutions adopted by County Assembly on the County Fiscal Strategy Paper.

Observations and Recommendations.

1.County programmes/ Projects.

The following are our observations and recommendations on different priority areas.

a) Water and Sanitation.

Adequate supply of clean and safe water is essential for both household and business usage. Investment in adequate supply of water and proper sanitation will lead to reduced expenditures on treatment of water related illnesses in the County. Businesses do not have to incur additional costs to ensure adequate supply of water and sanitation services in their premises. The County has been faced by inadequate supply of water as well as disposal of sewer.

According to the 2020 County Fiscal Strategy Paper (CFSP), the County reported that the daily demand for water is 186, 000 cubic meters and the current supply is 42,000 cubic meters or 25% of the daily demand. This implies the need for intensive efforts to address the water deficits in the County.

According to the Office of the Controller of Budget (OCOB) Reports, the allocation to the department increased by Ksh1 billion from a revised allocation of Ksh669.28 million in FY2018/19 as shown below. However the department has had challenges spending the funds allocated. In FY2018/19 for instance,

the department only spent 10.2% of its budget while in the first half of the current financial year the department has utilized less than 1% of its budget. The under performance in the department was largely attributed to delay of disbursement of funds from the National Treasury and inadequate public land to undertake the projects. The implication of this is that most of the projects and activities that the department intended to undertake at the beginning including the provision and supply of clean water are not implemented. Ultimately, the county is not able to meet the demand for water by the citizens.

	Allocation (Ksh millions)	Expenditure (Ksh millions)	Absorption Rate (%)
2018/19	669.28	68.29	10.20
2019/20 (First half performance)	1,671.22	9.6	0.57

Source: Controller of Budget Reports 2018/19 and first half 2019/20

b)Trade, tourism and investment.

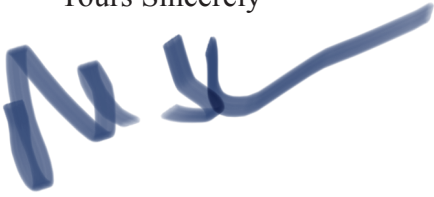
In the 2020 CFSP, the County committed to support and ensure a conducive business environment by improving the trading infrastructure. This would be achieved through the rehabilitation of the existing markets and setting up new ones at strategic locations within the county. With the outbreak of Covid-19 pandemic in the Country and more so in the County, businesses especially those in Tourism, hospitality and travel have been greatly affected. This is due the ban on international travels, the ban on physical gatherings as well as the lockdown currently in place. Businesses who also depend on imported raw materials are greatly affected such as the manufacturers and those in construction as a result of the disruption of the global chain of supply. The travel and tourism industry accounts for 10.4% of the global GDP where 3.9% is sourced from the wild-life tourism. A total of 21.8 million jobs equivalent to 6.8% in the globe are sustained by global travel and tourism. (World Travel and Tourism Council 2019). In Kenya the WTTC forecasted that the total contribution of tourism to rise by 5.1 % per annum and to Ksh 964.2 billion (10.3% of GDP) by 2025. According to the Mombasa County Integrated Development Plan (CIDP) 2018-2022, Tourism industry accounts for over 68 per cent of the wage employment in the county. The County has are 430 beach and tour operator firms that provide various tourist-related services with 201 registered hotels and lodges. This brings about the need to cushion businesses against the effects while also ensuring that will bounce back after the pandemic is over.

Recommendations.

a) The department of water, sanitation and natural resources should ensure that the FY2020/21 budget has projects and allocations to improve sustainable and affordable access to safe and clean water. This can be done through drilling of shallow water wells and boreholes. This will ensure that households and businesses have access to water thereby reducing costs associated with diseases caused by consumption of unclean water and extra costs by businesses. The department should also strive to enhance service delivery to its citizens by ensuring that the funds allocated are fully utilized.

b) We recommend to the Trade, tourism and investment department that as it is committed in ensuring a conducive business environment, priority should also be given to the provision of credit facilities to small scale traders. This can be done through the creation of funds targeting different funds targeting different types of businesses such as tourism, hospitality among others. This can be done in collaboration with local banks and other financial institutions to ensure that these businesses have access to financial capital to run and grow. Machakos County is a good example where this initiative has been adopted by the government. Provision of training on entrepreneur and management skills would also be helpful for these business to bounce back from the effects of Covid-19 as well as build their resilience in case of such eventualities in the future.

Yours Sincerely

A handwritten signature in blue ink, appearing to be 'Mustafa Ramdhan', written in a cursive style.

Mustafa Ramdhan

Chairman

KNCCI Mombasa