



Key Projects for Stimulus Effect:
Economic Recovery Plan for Mombasa County

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At the beginning of the coronavirus outbreak in Kenya, the Mombasa Governor, Hon. Hassan Joho, received much praise for his rapid response measures to the pandemic. As his Government continues its focus on immediate emergency needs, parallel work must begin on what the next recovery phase, in order to keep up the good momentum.

Notably, Mombasa County Government (“CGM”) published its second County Integrated Development Plan for 2017-2020 (“CIDP”) that set out CGM’s development plans during Governor Joho’s second term in office. Given the current economic impact of the covid-19 pandemic on Mombasa, the development priority list has presumably changed somewhat as CGM plans the next phase of recovery for Mombasa County.

In our view, to help its residents cope with the disruptions brought on by the pandemic, CGM should focus on developments that will have wide stimulus effects on the County.

The World Bank has published a sustainability checklist that outlines factors that governments should weigh in putting together their stimulus package, including: immediate needs, local institutional capacity, market conditions, borrowing headroom, the legacy of past infrastructure decisions, the potential for job creation, the lead time involved in breaking ground on the projects, whether government funds might help mobilize private finance to further support a project and the impact of the country’s long-term carbon trajectory (basically, whether the project is sustainable).

We have reviewed the Mombasa CIDP and other recently formulated development plans for Mombasa County in order to pick out the projects contained in those plans, weigh them against the World Bank sustainability factors discussed above, and develop a proposed priority list for CGM.

For completeness’ sake, below is a summary of the general facts on Mombasa that form the basis of our views:

1) Development plans, other than the CIDP, include:

- Mombasa County Urban Regeneration Plan
- Integrated Strategic Urban Development Plan: Mombasa Vision 2035 under the Kenya Municipal Programme funded by the World Bank (“MV2035”)
- The Mombasa Gate City Master Plan funded by JICA
- Third Medium Term Plan 2018-2022
- Kenya Vision 2030
- Draft Mombasa County Zoning Policy (2015-2025)
- Kenya Information Settlements Improvement Project (KISIP) funded by the World Bank
- Mombasa County Annual Development Plan Fiscal Year 2018/2019
- Mombasa County Annual Development Plan Fiscal Year 2017/2018

2) The agreed land use plan, which is clearly set out in the Mombasa Vision 2035, seems to be as follows:

- Southwest Corridor Development (covers areas like Changamwe and Miritini where most logistics and port-related functions are concentrated)- logistics oriented development
- Strengthen Mombasa’s Northern Economic Corridor links and separate logistics and local transport. This is in order to address the overcrowding and congestion experienced in the South, which backs up traffic all the way to the Island.
- Expand urban function through decentralization to be done through sub-centre development mainly along the Northern Economic Corridor to support logistics. Below is a table showing the proposed sub-centres and functions:

Sub-centres	Function/Social Facility
Island (Main Centre)	<ul style="list-style-type: none"> ■ Governmental services ■ Commercial and market ■ Tourism destination
Bamburi	<ul style="list-style-type: none"> ■ Shopping complex ■ Apartment for long stay ■ Low density residence
Mwakirunge (Eco City)	<ul style="list-style-type: none"> ■ Low density eco residence ■ High density mix use apartment along Bamburi Link
Liken (Petro City)	<ul style="list-style-type: none"> ■ Oil terminal with offshore oil jetty ■ Shopping complex for Likoni area

- Revive land use of Mvita (Island) to commercial and tourism

- Protect the natural environment

3) According to the 2019 Kenya Population and Housing Census results, Mombasa has a population of **1,208,333** people:

- Male - 610,257;
- Female - 598,046; and
- Intersex - 30.

4) The labour force, which is defined to mean the people between the age of 15 to 64 years old, was **792,072** people. Out of these:

- **423,439** people were working at the time of the census; and
- **141,942** were looking for work or work was not available.

5) Of the population that was working at the time of preparation of the CIDP, which was published in 2018:

- 1% was engaged in agricultural activities (interestingly, fisheries is classified under agricultural activities in the CIDP);
- 2% were rural self-employed;
- 60% were wage employed;
- with the remaining 37% being urban self-employed.

6) The CIDP lists the major wage employers as the hotel industry, the Kenya Ports Authority, the Government of Kenya, Container Freight Terminals, go downs, manufacturing companies, and various private institutions such as banks.

7) Mombasa County's proposed National Government Equitable Share for FY 2020/21 is **KES 9,562,038,772** broken down as follows:

- Equitable share - KES 7,468,300,000;
- Level-5 Hospitals - KES 388,439,306;
- Compensation for user fees foregone - KES 23,385,934;
- Rehabilitation of village polytechnics - KES 18,906,170;
- Road maintenance levy - KES 221,681,742;
- Leasing of medical equipment - KES 148,936,170;
- Loans and grants - KES 1,292,389,448.

The County has not yet published its budget estimates to determine the percentage of expenditure earmarked for development in FY 2020/21. Further, records of the County's own source revenue are not publicly available. As such, for purposes of this letter, we assumed that the County will receive less revenue from its own sources due to the effects of the pandemic and the welfare measures that the County has had to undertake, and further that the County will maintain the same ratio as that used in FY 2019/20, which was about 35%. This will translate to about **KES 4 billion** available for development projects in the County for the next financial year.

Priority Development Projects

Health

Based on WHO's latest statement, this strain of the Coronavirus may be with us for a long time and therefore countries must find a way to live with it. As such, Mombasa County must continue building and improving its health infrastructure to ensure that it has a healthy labour force that is available to work without taking numerous sick-offs, to say the least. The following projects listed in the CIDP should be prioritized as follows to increase access to better healthcare for a majority of the residents of Mombasa.

Proposed Project	Source of Funding
Construction/ Rehabilitation of Nyali (Kongowea) & Jomvu to create 50 bed capacity Level 4 Hospitals with theatre, labor ward, postnatal and antenatal wards	County Government of Mombasa ("CGM")
Equip a total of 5 Level 4 hospitals which are under construction - Mtongwe, Shikadabu, Chaani, Vikwatani, Marimani	CGM
Refurbishment of 30 Level 2 and 3 facilities and purchase of equipment for upgraded services	CGM
Refurbish and equip public health laboratory Ganjoni Mvita	CGM
Oxygen delivery machines (Oxygen Plant) PR hospital	CGM
Placement of 6 Containers clinics in informal settlements: Bangladesh, Owino, Uhuru, Kadzandani, Timbwani, Muoroto	CGM and MoH
Construct and equip/placement of container clinics, Level 2 Dispensaries, in the 6 wards without public health facilities: Magogoni, Mjambere, Kadzandani, Bofu and Bamburi	CGM Whilst the CIDP indicates that the funding will come from CGM, the CGM should also consider alternative PPP models that would enable low cost quality healthcare services. An examples is the CFW shops model.
Construction of a regional oncology centre	CGM, KPA, Indian Government, National Government. CGM can actively pursue the finalization of the feasibility phase, risk management and fundraising.
Establishment of a comprehensive cardiac centre at Coast General Hospital	PPP CGM, in conjunction with MoH, should actively look for private investors to fund the project. CGM should consider suitable PPP structures that would attract credible investors.

Transport Infrastructure

Most of the major transport projects intended to promote logistics-oriented development in the South and North are funded by the National Government and development finance institutions. Transportation infrastructure that will ease the movement of goods and workers, is part of the infrastructure that is urgently needed to improve Mombasa's productivity. Among other benefits, the ongoing road projects in Mombasa have created direct jobs and resulted in the establishment of a number of businesses that directly or indirectly serve the projects. The Mombasa Southern Bypass road will also improve the attractiveness of the Dongo Kundu SEZ to investors. The Mombasa Northern Bypass once built will promote the creation of sub-centers along Mombasa's Northern Economic Corridor as envisaged in the MV2035.

To improve the County's public infrastructure, and attract private investors into the County, the role of the County Government this year and next year should be to constantly lobby and maintain publicity on the progress of the projects to ensure that they remain top priority on the Government's agenda. The County should also provide a conducive environment for the smooth construction of the projects. Further, the County should coordinate the review of its Technical Vocational and Training Institutions' (TVETs) curriculums and equip them to offer relevant courses to increase the pool of semi-skilled and skilled workers in Mombasa.

Proposed Project	Source of Funding
Dongo-Kundu Bypass Highway, also known as Mombasa Southern Bypass	Kenya National Highways Authority (KeNHA)
Kipevu Link to the new container terminal (Berths 20-21)	KeNHA
Dual carriageway of the Mombasa-Mariakani Highway	KeNHA
Mombasa Northern Bypass	The World Bank
Port Reitz-Moi Airport Road	UK Government through TradeMark East Africa and the National Government
Six- Lane Mombasa-Mariakani Road (A- 109)	European Investment Bank, Africa Development Bank and KeNHA
Six-Lane divided carriageway for Nyali Road (B-8) from Nyali Bridge	KeNHA
2 nd Nyali Bridge	PPP KeNHA
Four Lane divided carriageway for Magongo Road (A- 109 L) from Changamwe Roundabout to Jomvu- Miritini	KeNHA
Jomvu Kuu - Jitoni - Rabai Road	KeNHA
Old Malindi Road, Mombasa County	KeNHA
Multi-level car park facility at Makadara grounds with a parking silo; car washing facility; and improvement of the recreational facility at Makadara Grounds	CGM/PPP
Multi-storey terminal at Likoni – modern ferry terminal, parking, bus terminal and a variety of commercial services	PPP Kenya Ferry Service
Bus rapid transport system - Mass Rapid Transport (MRT) Ferry-VoK-City Mall, Loop Line. 4 high capacity buses in the Mombasa CBD main roads	PPP CGM National Government
Mombasa 2 nd Container Terminal Phase 2 and 3	KPA

Industrialization and enterprise development

The impact of industrialized economic development has been widely studied. All historical examples of success in economic development and catch-up since 1870 have been able to grow and accumulate wealth by investing in their industries [2] (Szirmai, (2012)). It brings about increased volume and varieties of manufactured goods resulting in increased employment and improved standard of living of the citizens. In the process of economic growth [3] Kaldor (1967) suggested that it is the industrial sector which plays the role of engine of growth, as the potential productivity growth is the highest in this sector.

Then industrial sector can power the economy with the right policies, it will transform and sluggish recovery into an economic resurgence Industrialization has two distinct meanings: it can be conceived as a shift in a country's pattern of output and work force towards manufacturing or secondary industry [11] (Clunies-Ross, Foresyth, & Huq, 2010). It can also be defined in terms of income levels reaching a certain threshold.

The CIDP sets out a list of projects which the county plans to undertake under the industrialization docket. In my view, Mombasa County should view industrialization from the National Industrialization Policy's perspective, which is to shift the County's pattern of output and workforce towards manufacturing or value addition. Mombasa County should seek to create an enabling environment for private sector-led industrial development and a business environment capable of attracting local and foreign investments. I think many would say that the most important measure here is for the County's leadership to become more transparent, to genuinely obtain expertise, even starting with that which is already employed at the County Government, and to provide the required goodwill for the growth of this sector. No amount of project plans will succeed without these.

The County should continue packaging all its strengths and aggressively source for investors who will invest in resource based industries that are labour-intensive and export-oriented (to other counties and countries). Once the goodwill is there, other areas that the County should prioritize include:

- implementation of its land use plan including the consideration of suitable PPP models to address issues such as expensive industrial land and risk management;
- together with the Kenya Railway Corporation, leading the search for suitable private investors for a PPP for the rehabilitation and extension of Mombasa's railway system to improve connectivity between the zones earmarked for industries to the Port, SGR and Airport. This is discussed in the CIDP
- operationalization of the investor facilitation county agency - towards the end of 2019, the County passed the Mombasa Investment Corporation Act to establish the Mombasa Investment Corporation which has been vested with investment facilitation roles);
- completion of Mombasa County Energy Plan as soon as possible as required under the Energy Act, 2019 – the County Energy Plan is intended to serve as a guide for infrastructure investments; take into account all viable energy supply options; and guide the selection of the appropriate technology to meet energy demand. Availability of reliable and affordable energy is a key consideration for manufacturing investments. Further, a good and well-publicized energy plan could attract energy investors into the County bringing with them skilled workers and creating jobs in the County for semi-skilled and unskilled workers.
- regular lobbying and public tracking of progress of relevant National Government projects within the County to ensure that they remain on the Government's priority list; and
- commission the review of its TIVETS' curricula to ensure that they offer relevant courses to increase the pool of semi-skilled and skilled workers in Mombasa

Below are some of the planned projects under this docket:

Proposed Project	Source of Funding
Special Economic Zone at Dongo Kundu	JICA National Government
Modern wholesale market construction at Jomvu	CGM In my view, this should be left to the private sector. CGM should construct the social amenities and set standards
Rehabilitation and expansion of retail markets - Makande, Segu, Magongo and Kisauni retail markets	CGM In my view, this should be left to the private sector. CGM should construct the social amenities and set standards
Kipevu EPZ which the County is promoting as ideal for apparel manufacturing	PPP
4 one-stop-youth resource centre and 4 youth empowerment centres established Changamwe, Mvita and Kisauni	CGM These can be combined. Given that the estimated budget for their establishment is KES 350 million, their purpose should be well defined in policy and an evaluation framework developed to ensure that they are well resourced and serve the purpose for which they were established
Number of film and music studio created	CGM This can be prioritized given their potential to promote small businesses and create jobs
Development of Mombasa ICT Innovation and Incubation Centre with Data Center in Mkomani Ward near showground	PPP

Housing

As argued above, the County's role should be to attract private sector-led investments in affordable housing. Analysts are projecting the slow down in the housing sector due to a reduction in demand (the number of people willing and able to buy at a given price) caused by the effects of the corona pandemic. To attract private investors in its grand affordable housing plan, Mombasa County must work together with the Ministry of Housing to give effect to some of the proposals that the National Government has been making on paper, such as: land swaps, free land grants, construction of amenities to provide property developers with serviced land, off-take agreements, improved transparency and efficiency in processing of building approval and County approvals, among others.

Below is a list of proposed housing projects:

Proposed Project	Source of Funding
Housing development and management – Housing projects in Likoni, Mzizima, Changamwe, Buxton, Miritini Green, Tudor, Khadija, Customs, Likoni Flats, Nyerere, Mvita, Tom Mboya and Kaa Chonjo	CGM PPP
Finalization of relevant County physical planning policies such as: zoning regulations; setting up an Urban Design Unit; implementing urban design concepts as envisioned in the Vision 2035 and Gate City Master Plan	CGM
Upgrade of various informal settlements such as Jomvu Kuu, Jomvu Mikanjuni, Mkomani and Ziwa la Ng'ombe. The County has also formalized Kalahari, Kwarasi, Fuata Nyayo, Gana Hola, Likoni 203 and Majaoni	This is an ongoing projects funded by the World Bank, Kenya Informal Settlement Improvement Programme (KISIP)
Development of mini cities - Mwakirunge, Miritini, Eco city, Petro city	PPP

Energy

The County should simply prioritize preparing, submitting and publishing their approved County Energy Plan to attract suitable investors.

Further, according to the CIDP, nearly 50% of residents use biofuels as their primary energy source for cooking and nearly 50% of residents use paraffin for lighting. The County should explore and promote cleaner sources of energy that can be generated from locally available resources. The County will be able to drill down on this in preparing its energy plan.

Other published energy projects for Mombasa County are as follows:

Proposed Project	Source of Funding
800MW liquefied natural gas (LNG) power plant at Dongo Kundu	Ministry of Energy and Petroleum
Mombasa Airport solar power plant	KAA

Water and Sanitation

If washing hands with soap is the first line of defense against the Coronavirus and many other infectious diseases, then water, sanitation and hygiene must be top priority for Mombasa County, right next to investing more in public health infrastructure. In fact, as the World Bank noted, good public health infrastructure, which includes water and sanitation systems, is the most cost-effective strategy for increasing pandemic preparedness.

The County should immediately take measures to improve the accessibility and affordability of water and hygiene products such as soaps, especially for all the health centres, schools, and public places such as stops and stages for public transport vehicles, public recreational spaces, and markets to enable them to maintain effective hygiene protocols when they eventually re-open. The County should also require all employers or workplace owners in the County to do the same.

The World Bank, which is currently sponsoring a major water and sanitation development project in Mombasa (although it currently has an implementation rating of moderately unsatisfactory despite the timely disbursement of funding), has issued recommendations for this sector. It recommends rapid and low-cost water service and sanitation provision for communities, health care facilities, and schools to enable handwashing, hygiene, and disinfection. The County can do this by providing quick, just-in-time community water access points/water kiosks (including provision of soap) in unserved urban and rural areas, and for unserved health care facilities and schools. This could include: (i) provision and operation of compact water treatment plants; (ii) construction and operation of water points and sanitation facilities to deliver water in strategic urban or rural points; and/or (iii) provision and operation of trucks for water delivery (bottled, sachets) and water tankers, including adequate water storage to service operators.

In respect of waste management, Mombasa produces 3 times more waste that it can properly dispose of. Given that Mombasa County does not yet have an official dumpsite, a good start in improving waste management in the County is to work together with NEMA and the Ministry of Environment to select a suitable landfill site for proper waste disposal. If the County wants to be more ambitious and genuine about improvement in this sub-sector, it can look for investors for the proposed recycling plant. These projects have the potential to create jobs and business opportunities that can increase the incomes of the county residents involved in this sub-sector.

As noted, there is already an existing World Bank project to rehabilitate and expand urban water supply and sanitation services in Mombasa and support its bulk water service provider (see more details at <https://projects.worldbank.org/en/projects-operations/project-detail/P156634>). The County Government should therefore take advantage of the existing funding to start fixing Mombasa' acute water problems. Further, organizations like WHO, UNICEF, UN-Water and Red Cross and Red Crescent are ramping up assistance related to water supply and sanitation, to countries and states. The County, through the assistance of the National Government can source for this assistance.

The CIDP lists projects that can help the County provide some of the listed services:

Proposed Project	Source of Funding
Water supply and sewerage	World Bank – WSDP Project
Mwache Multipurpose Dam located in Kwale.	Coast Development Authority
100 boreholes drilled by 2022 with 20 boreholes drilled each year from 2018 (the boreholes should be constructed with recharge pits)	CGM
Purchase of 8 County water bowsers	CGM
45% increase in number of public institutions embracing rain water harvesting methods by 2022	CGM
Mombasa Solid Waste Management: <ul style="list-style-type: none"> ■ Selection of an suitable official dumpsite/landfill site, its gazettelement and development ■ Development of 1 recycling plant ■ Increase the number of assorted and tech-savvy waste transportation (this is will only be successful once the official dumpsite is commissioned) ■ Construction of waste transfer stations ■ Construction of hazardous waste disposal facility 	CGM
Storm water drainage system that will cover Mvita, Changamwe, Jomvu, Kisauni, Nyali and Likoni sub-counties	PPP, National Government

Tourism

Tourism is one of the main sources of employment in Mombasa County. Further, a lot of businesses directly and indirectly rely on the tourism business in Mombasa such as hotels, beach activities, tourist sites among others.

Covid-19 has pretty much shut down the tourism business at present and we do not yet know what the full extent of the damage will be once the pandemic is over. In the short-term, the prospects in this sector look bleak. In my view, the County should freeze most of the capital-intensive investment plans and focus on improving its existing offerings. Put differently, the County should take this time to implement some of the capacity building proposals it has been making for years!

One key capacity building project it must undertake in light of the pandemic is setting and implementing high hygiene standards for the different players in the tourism sector in the County, such as hotels, motels, restaurants, tours services, tourist sites, beaches among others. The County should also lead, and if possible fund, the making of feature publicity videos and promotions displaying the different entities effecting the hygiene standards. The County should ensure that the videos are widely circulated locally in Kenya and abroad to begin reassuring visitors of their health and safety while in Mombasa and Kenya generally.

Other than this, below is the list of other useful proposals lifted from the CIDP:

Proposed Project	Source of Funding
Development and implementation of a Beach Strategy	CGM
Development on Tourism Statistics in Mombasa County	
Mombasa waterfront development (Mama Ngina Drive and Jomo Kenyatta Public beach)	Ministry of Tourism (this is assuming that the KES 460 million funding for the Mama Ngina Water Front Project was already disbursed before Covid-19)
Development of little theatre in Mombasa (this has the additional advantage of potentially promoting creative arts in Mombasa which could create employment for many people)	CGM
Tourism Information Centre in Uhuru Garden in Mombasa Island, Nyali and Shanzu in the North Coast of Mombasa County	CGM
Rehabilitation of Old Town	CGM
Professionalizing and marketing Mombasa's offerings as a tourist destination of choice – helping tour operators to organize and professionalize their business and pricing, record stories, digitize some of their services	CGM
Organizing more open air market days to encourage more youth and women to venture in cultural activities and creative arts	
Rehabilitation and development of heritage assets (The Cradle of Mankind and Fort Jesus Wall Projects)	CGM, UNESCO, National Museum of Kenya

Agriculture and Fisheries

Typically, whenever agriculture is mentioned, the County of Mombasa and its people do not automatically spring to mind. At the very least, not in reference to crop and livestock farming. As for the fisheries sub-sector, Mombasa is not a major fish producer either. However, Mombasa does play an important role in providing logistics for the processing and shipment of agricultural products both imports and exports. As such, in my view, the County should continue focusing on what it knows best, which is the logistics aspect of agriculture.

As such, it is my view that in the short-term, the County should focus on the agricultural projects related to improving the County's logistics offering. Projects aimed at increasing production of agricultural produce can be more long-term because they will require a shift in the people's orientation through massive investments and training and skills development of interested residents. For the next 2 years therefore, the following projects from the CIDP plan should be prioritized:

Proposed Project	Source of Funding
Fish port and processing plant	PPP
Construction of a 100 tonnes multi-user cold store	CGM or PPP
Proportion of BMU - access roads paved and maintained	CGM
Proportion of BMUs engaged in value addition	CGM
Construction of a slaughterhouse	PPP

Education

In the short-term, Mombasa County should invest in projects that will employ the available skills in the County.

However, for the long-term, the County should coordinate the review of all its TVETs curricula to ensure that the TVETs are offering courses that are aligned to the County's economic growth strategies. This will ensure that its

workforce's overall skills and abilities will lead to: greater productivity and improved ability to use the prevailing technology; improved capacity to innovate; and better knowledge transfer required to apply new ideas and use new technologies.

Below are some of the proposed projects in the education sector:

Proposed Project	Source of Funding
Establishment of 5 new TVETs	CGM
Renovation and establishment of 2 TVETs	CGM
Increase in recruitment and training of instructors in the TVETs	CGM
Provision of relevant instructional materials and equipment to the TVETs	CGM

Conclusion

Overall, for Mombasa, the rate at which the County recovers will depend on the goodwill of the CGM and careful selection of high impact projects.

Sincerely

Felicia Solomon
Partner

