



## NAIROBI CITY COUNTY ASSEMBLY

### OFFICIAL REPORT

#### Second County Assembly – Fifth Session

Thursday 24<sup>th</sup> June 2021

The House met at 2.30 p.m.

*(Hon. Speaker (Mr. Benson Mutura) in the Chair)*

#### PRAYERS

#### QUORUM

**Hon. Speaker:** Clerk, confirm whether we have quorum? I understand that we have quorum.

#### COMMUNICATION FROM THE CHAIR

**Hon. Speaker:** Hon. Members, I have a communication to make in regards to the business before the assembly and parking of Members' vehicles.

#### THE PRONOUNCEMENT OF THE BUDGET HIGHLIGHTS AND REVENUE RAISING MEASURES BY THE CEC MEMBER FOR FINANCE AND ECONOMIC PLANNING

Hon. Members, without appearing to preempt the debate of today's sitting, I wish to inform you that this afternoon the County Executive Member for Finance and Economic Planning shall before this assembly make public pronouncement of the budget policy highlights and the revenue raising measures for the County Government for the financial year 2021-2022 in accordance to the provision of the Public Finance Management Act 2012 and Standing Order No. 226 of our Standing Orders. Thereafter, the sitting shall stand adjourned and we shall converge for a special reception at the Assembly Garden. I will issue further direction on the same later in the course of today's business.

#### ENGAGEMENT WITH THE COUNTY REVENUE AUTHORITY (KRA) REGARDING THE PARKING FOR HON. MEMBERS AND STAFF

Hon. Members, in the last few weeks there have been genuine complaints from both Members and staff regarding harassment by KRA officials over parking of vehicles within the city. As you are aware, in

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order for you to dispense your mandate effectively, both Members of staff and the County Assembly enjoy a special privilege of free parking within the County Government managed parking spaces provided they vehicle display a valid VIP sticker issued by the County Assembly.

However, following the coming on board of KRA in the collection of revenue within the county, KRA officials have been impounding or imposing fees and charges on Members and staff vehicles irrespective of whether their vehicles display a valid sticker or not. In this regard Hon. Members, we have engaged KRA on this matter in order to arrive at an amicable solution. Accordingly, we have agreed that this unfortunate occurrence shall stop forthwith and Members and staff shall continue enjoying the privilege as long as each vehicle displays a valid VIP sticker.

In addition, we agreed that any reported penalty that has been imposed on any vehicle shall be waived by KRA. Members and staff who might have been penalized and have not reported the same are encouraged to do so. Consequently, the office of the Clerk has established a desk where any complaint on this matter can be recorded. Officers Daniel Kanyoro and Ramadhani Juma - Serjeant-at-Arms - shall be responsible for the desk and shall receive all your complaints for further direction. You are guided. Thank you.

### PETITIONS

#### PETITION BY CONCERNED GROUPS OF PERSONS ADVOCATING FOR YOUTH EMPOWERMENT AND MAINSTREAMING

**Hon. Speaker:** Hon. Members, I have a petition by concerned groups of persons advocating for youth empowerment and mainstreaming in Nairobi City County. The undersigned concerned group of persons advocating for youth empowerment and mainstreaming in Nairobi City County draws the attention of the Nairobi City County Select Committee on County Budget and Appropriation to the following:

That, whereas Article 21/3 of the same Constitution dictates that all state organs and all public officers have a duty to address the needs of the vulnerable groups in the society which include inter alia youth in the county.

That, whereas Article 55 Clause (b) of the Constitution of Kenya 2010 requires the state to take measures including affirmative action programme to ensure that the youth have opportunities to associate, be represented and participate in political, social, economic and other spheres of life;

That whereas Article 185 Clause 1 of the Constitution of Kenya 2010 dictates that the legislative authority of a county is vested and exercised by its County Assembly and that subsequently 185 Clause 2; A county assembly shall make any laws that are necessary for or incidental to the effective performance of the function and exercise of the powers of the County Government under the Fourth Schedule;

That, whereas Article 183 of the Constitution of Kenya 2010 provides for the functions of the County Executive which includes inter alia to:

- a) Implement county legislation;
- b) Implement within the county national legislation to the extent that the legislation so requires;
- c) Mandate and coordinate the function of the county administration and its departments;
- d) Perform any other function conferred to it by this Constitution on the national legislation.

That, whereas in conformance with Section 8 of the county Government Act 2012 detailing the representation, oversight, legislative and representation role of the county assembly, Members of the Nairobi County Assembly have passed a number of youth affiliated resolutions and legislations that are yet to be implemented;

That, whereas previous efforts by the Nairobi County youth groups in submitting memorandum for youth mainstreaming in the concluded annual development plan for inclusion and subsequent consideration in the year's budget estimates for the implementation has not seen tangible results;

That, whereas the youth groups advocating for youth mainstreaming in the county notes however with appreciation a number of interventions, resolutions by the County Assembly through Motions and Bills passed for the interest of the youth in the county, the youth groups however note with concern delay if not lack of implementation of the said resolutions due to lack of budgetary allocation;

That, all that matters in respect to what the petition has raised is not pending before any court of law or constitutional body;

The humble petitioners pray that;

1. The County Assembly of Nairobi City Select Committee on County Finance, Budget and Appropriation intervenes and ensure that the Bills passed by the County Assembly and are now Acts, affecting the youth in the county be considered in the budget estimates for the financial year 2021-2022 for implementation;
2. The Motions passed by the County Assembly affecting the youth in the county be considered in the budget estimates for the year 2021-2022 for implementation; and
3. Prioritize projects, programmes and interventions relating to youth mainstreaming in the county contained in the Nairobi County Annual Development Plan for the year 2021-2022 pursuant to Section 126 of the Public Finance Management Act 2012 be considered in the Nairobi City budget estimates for the year 2021-2022.

Those are the prayers for the petitioners. This is on behalf of the groups of persons advocating for youth empowerment and mainstreaming in the Nairobi City County.

The petition stands committed to the Budget Committee. I understand that there is also another petition.

#### PETITION CHALLENGING THE LEGALITY OF THE COUNTY ATTORNEY IN OFFICE

**Hon. Benson Mwangi:** Thank you Mr. Speaker. I rise on a Point of Order No. 208 on public petitions by the citizens of Kenya and residents of Nairobi City County to the Nairobi City County Government.

We the undersigned citizens of the republic of Kenya are residents of Nairobi and tax payers to the Nairobi City County Government do hereby draw the attention of the Nairobi City County Assembly to the following:

Aware that, Section Four of the Office of the County Attorney's Act 2020 provides for the office of the County Attorney and requires that the County Attorney is appointed in office by the Governor with the approval of the County Assembly pursuant to the County Attorneys Act of 2020; that the appointment of the current County Attorney to the office was for one-year contract. The said contract lapsed while the officer

was under suspension and upon her return to the office six months later, her contract was renewed without vetting which is a requisite requirement for the award of a new contract vetting by the county assembly considering that this office is equivalent to that of a County Executive Committee Member.

That, Section 31 (2) of the Office of the county Attorney 2020 provides that a person employed by the County Public Service Board performs the function of the County Attorney and the commencement of the said Act shall continue to hold their respective positions in the office after the coming into effect of the Act.

As regards the County Attorney, her appointment was done by the Governor and not the County Public Service Board and thus should not continue to hold office.

Hon. Speaker, I beg for protection from Hon. Warutere.

That, the Advocate Act requires that every advocate takes out the practice certificate at the beginning of each year. Failure to do so deems an advocate unqualified to practice as an advocate of the High Court.

Through legal instruments I am pleading are set out under Section 34 (a& b) of the Advocates Act. In this regard, the County Attorney neglected a practicing certificate for the year 2020 but went out to draw and execute legal instruments therefore exposing the county to invalidation of legal instruments drawn and executed by herself and exposing the County of Nairobi to unwarranted legal actions. In doing so, the County Attorney violated the law in which she swore to protect.

That, in contravention of Public Procurement and Assets Disposal Act and in reckless disregard therefore, the County Attorney proceeded and instructed the firm of Njenga Maina and Company Advocates to take up over 60 matters in which the County had been sued and yet the firm is not prequalified or qualified to offer legal services to the county.

Further, the law firm does not appear in the list of registered suppliers as required by Section 57 of the Public Procurement and Assets Disposal Act 2015. The firm now demands from the county an exorbitant sum of Kshs.300 million legal fees out of which the firm has already been paid Kshs.60 million. This is in total contravention of Public Finance Management Act and the Public Procurement and Assets Disposal Act 2015.

That, in a blatant contravention of Section 68 of the County Government Act show of favourism and nepotism, the County Attorney ensured that all the four directorates under the office of the County Attorney were headed by the people of the same region and tribe.

An attempt by the County Secretary who is the head of public service to make the changes and ensure tribal and gender balance as provide by the law was met by a series of memos from the County Attorney countermanding him. For instance, one memo in particular was addressed to all staff in the Legal department urging them to ignore instructions of the head of public service which can be construed as incitement in total disregard of the code of ethics.

That, in a series of memos written to the County Secretary and staff in the Legal Department, the County Attorney has consistently maintained that she has never delegated work to anybody. This is a clear show of incompetence. The County Attorney's Act came into force in July 2020 and it gave---

*(Point of Order)*

**Hon. Kennedy Oyugi:** Mr. Speaker, I am rising on Point of Order No. 243 which talks about – he is on his feet allow him to sit – which talks of decorum i.e. the dressing code. The Member on the floor is not properly dressed as per the Standing Orders of the House. Can you authenticate that, Mr. Speaker?

**Hon. Speaker:** As far as the Chair is concerned, the Member is properly dressed.

**Hon. Benson Mwangi:** Thank you Mr. Speaker. I want to be on record that the Member tried to obtain some cash from me which I refused. He threatened me----

**Hon. Speaker:** Order Hon. Member! Withdraw that statement.

**Hon. Benson Mwangi:** Hon. Speaker---

**Hon. Speaker:** You have to withdraw that statement first before you proceed.

**Hon. Benson Mwangi:** I will withdraw the truth, Hon. Speaker. I withdraw. Hon. Speaker, because of time and the business ahead of us, kindly allow me to finish.

That, there have been several articles in the mainstream media pointing out the ills in the Office of the County Attorney which is a reflection of the inability of the County Attorney to lead or head a department in the public service.

*(Point of Order)*

**Hon. Speaker:** Hon. Member, the rules are clear that either you are standing on a point of order but not on an issue of clarification.

**Hon. Kennedy Oyugi:** Mr. Speaker, we want to make it official that we will be coming to the plenary with a jeans trouser because if you allow that I always like to wear a jeans trouser. Mr. Speaker, if you make it official that we can come with jeans trouser today, then you will see me with a jeans suit next week.

**Hon. Speaker:** I have heard you and the Chair had ruled that the Hon. Member is properly dressed not unless you have another motive. Proceed.

**Hon. Benson Mwangi:** Hon. Speaker, wherefore the humble petitioners as Nairobian pray that the County Assembly of Nairobi intervenes, resolve and commend that:

1. The County Attorney is irregularly in office;
2. He has contravened Article 10 of the Constitution in that the national values and principles of governance set have been observed and her continuous stay in office will continue to cause the tax payer unnecessary cost;
3. The conduct of the County Attorney does not meet the provisions of Article 10 and Chapter Six of the Constitution of Kenya hence unfit to hold office;
4. The County Attorney is unfit to hold public office;
5. All instructions to the firm of Njenga Maina be withdrawn and given to internal advocates or a law firm that is prequalified to offer legal services to the county;
6. The firm of Njenga Maina refund the county all the monies paid to it as legal fees because it was irregularly allocated such matters without being prequalified; and
7. The independent oversight and investigation agencies to be engaged to ascertain how and why public funds were paid to the firm of Njenga Maina.

Your humble petitioners. Thank you Mr. Speaker, on behalf of all the residents of Nairobi.

**Hon. Speaker:** You are supposed to table that petition. The petition stands committed to the Committee on Justice and Legal Affairs. Next order.

#### PAPERS

**Hon. Robert Mbatia:** Thank you Mr. Speaker. Pursuant to Standing Order No. 191, I beg to lay the following Paper on the Table of this House today 24<sup>th</sup> June 2021; the 33<sup>rd</sup> report of the Select Committee on County Finance, Budget and Appropriation on the consideration of the revenue and expenditure estimates for the County Government, Nairobi Metropolitan Services and the County Assembly for the financial year 2021-2022. Mr. Speaker, I beg to lay.

*(The paper was laid on the Table of the Assembly)*

**Hon. Speaker:** Thank you, next order!

#### NOTICES OF MOTION

**Hon. Robert Mbatia:** Thank you Mr. Speaker once again. I beg to give Notice of the following Motion; That, this assembly adapts the 33<sup>rd</sup> report of the Select Committee on County Finance, Budget and Appropriation on the consideration of the revenue and expenditure estimates for the County Government, Nairobi Metropolitan Services and the County Assembly for the financial year 2021-2022 tabled on the floor of this House today 24<sup>th</sup> June 2021. I give notice.

#### MOTION

ADOPTION OF REPORT OF BUDGET ESTIMATES FOR THE COUNTY GOVERNMENT, NAIROBI METROPOLITAN SERVICES AND COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2021/2022

**Hon. Robert Mbatia:** Thank you Mr. Speaker. I beg to move that this County Assembly adopts the report of the County Finance, Budget and Appropriation on the consideration of budget estimates for the County Government, Nairobi Metropolitan Services and the County Assembly for the financial year 2021-2022.

Mr. Speaker, the consideration of these estimates of revenue and expenditure has been undertaken at a time when the global arsenal has not fully cleared the rubble of crisis brought about by the corona virus pandemic. It is for this reason that intellectual power houses including those in charge of budget prioritization have continued to align spending in a manner that puts health expenditure head and shoulder above other demand streams.

Back home, this marks the penultimate budget that shall be considered by the Second Assembly pursuant to the provisions of Section 131 (1) of the Public Finance Management (PFM) Act, 2012, the Public Finance Management (County Government) Regulations 2015 and Standing Order No.222.

This approval of FY 2021-22 estimates the County Assembly marks the ninth time that the County Assembly shall have taken a position on the resources geared towards changing the standards of living and development trajectory of Nairobi City County. In that duration the Assembly has granted authority for expenditure of amounts approximated at Kshs. 240 billion.

As opposed to the previous financial year budget estimates where there were a number of grey areas on budgeting and implementation of the transferred functions, these estimates have been considered

in the full glare of legal clarity and jurisdictional awareness provided by the enactment of the County Allocation of Revenue Act, 2020 and the development of a comprehensive framework on Funding of Transferred Functions.

The documents addressed any ambiguity that would have arisen in regard to funding of the transferred functions and further bolstered the position of the County Executive Committee in determination of the cost of the transferred functions and the County Assembly in appropriation of the monies to fund such functions.

Mr. Speaker Sir, the total County budget is proposed to equal Kshs. 39.6 billion in line with the approved ceilings in the County Fiscal Strategy Paper. It is further proposed that out of the total County Budget Kshs. 27 billion be set aside for recurrent expenditure while Kshs. 12.6b billion be earmarked for development initiatives.

With these allocations the development budget represents about 32% of the overall budget for the coming financial year which is an upward revision of the overall budget by about Kshs.2 billion in comparison to the revised budget for FY 2020-21 as contained in the Supplementary II Estimates.

Mr. Speaker, KRA as the principal agent for revenue collection, has provided recommendations on enhancement of revenue collection which are akin to the strategies contained in the CFSP 2021, key among them being consultative target setting, boost of available data on the respective revenue streams, policy formulation, robust enforcement, joint implementation of the Nairobi City County Revenue System and HR Management.

It was not clear from the budget of the Finance and Economic Planning Sector whether there has been revenue boost to ensure that some of these financial aspects are realized. The County Treasury submitted that the resources contained in the Sector as adequate for effective roll out of the revenue enhancement measures.

Further, on the Integrated County Revenue Management System (ICRMS) it was not clear whether the County shall utilize its internal system, or the prototype developed by the National Treasury on behalf of all Counties. The Committee having listened to the submissions by the Sector on ICT and the County Treasury agrees on the need to have a system that can withstand the test of time and being tamperproof.

Mr. Speaker, of worry to the Committee during the consideration of these estimates is the nonlinear disbursements of amounts due to the County Governments as equitable share of revenues. The Council of Governors has recently been vocal in pointing out that delayed release of amounts due to Counties has the ripple effect of crippling service delivery at the devolved units thereby providing fertile ground for constipation of counties' development agenda.

Mr. Speaker, as is the case across all Counties, the drawdowns of the amounts expected as equitable share has not been seamless with the Nairobi City County Government (NCCG) only having received Kshs.5billion as at the end of the third quarter, being 33% of the annual estimates. As at the end of the financial year 2019/2020, the NCCG had not received about Kshs.4.5 billion (about 30%) of the amounts due to it as equitable share.

Mr. Speaker, the pending bills has remained a thorny issue for the County for the past years and the County Assembly has made strides to ensure that the County Treasury settles the huge chunk of the

bills. To validate this, the Finance and Economic Planning Sector in the FY 2020-2021 had a total annual budget of Kshs.5.4billion with all the amounts allocated for recurrent activities. This figure was enhanced to Kshs.10billion with recurrent increasing to Kshs.9.5 billion in the recent supplementary two. The re-allocations undertaken in the supplementary estimates were meant to free up resources for settlement of debts and long standing pending bills.

Mr. Speaker, the County Allocation of Revenue Act 2020 provided clear guidelines on the funding of the transferred functions and the position of the County Assembly in regards to the transferred functions, key being providing an avenue for joint consultation between the County Executive committee and the national government in determination of the cost of the transferred functions and the role of the County Assembly in appropriation of monies.

The provisions of the Public Finance Management Act 2012 require that the County Governments should prepare program based budgets that shift focus from inputs to outputs in relation to the resources being requested. The Committee in the course of its scrutiny noted that the budget for transferred functions fell short of this requirement since both their itemized and program-based budgets were not submitted.

Mr. Speaker, on absorption of development budget, the Committee noted that the County Assembly has continued to ask for allocations for development initiatives but has not been implementing them for the past few financial years. There is therefore need for the Assembly to show her commitment on utilizing such allocated funds.

In the coming financial year, the County Assembly Service Board has requested for resources in excess of Kshs.1.7 billion for development and unless stringent and watertight measures are put in place, the same may not be expended when the curtain falls on the financial year 2020-2022 budget period.

Mr. Speaker, it would be of interest to the Members to note that this budget has taken steps to address a number of issues that are pertinent to the Members. With an allocation of Kshs.1.545 billion for Wards Development Fund in the coming financial year, there is proposed increase for each Ward to Kshs.18million, amounts that would continue to revitalize development at the grassroots.

Further, the committee shall be proposing amendments in this budget to increase allocation for bursaries per Ward to Kshs.4.5million. Additionally, and while appreciating the vital role of a working health infrastructure, the Committee shall be making adjustments in the budget to enhance allocation for Health function under the Nairobi Metropolitan Services with an aim of ensuring that more health centers are rehabilitated or constructed across the County.

Mr. Speaker, on the budget estimates for the County Assembly Service Board, it is worth reminding Members that the recurrent ceilings for the Board are set through the County Allocation of Revenue Bill. Through the revision of the ceilings by the Senate, the County Assembly recurrent budget was set at a maximum of Kshs.1.545 billion being about Kshs.900 million less compared to the figures contained in the tabled budget estimates.

In this regard, the Committee tasked the Clerk to review the submitted estimates to comply with the set ceilings. In the revised ceilings, the Committee has been keen to ensure that there is sufficient allocation for facilitation of Members, training of staff of the County Assembly, implementation of the County Assembly organizational structure, among other key priority areas. The Committee shall be making



recommendations on specific areas that it feels might have been overlooked during that budget preparation.

#### Committee's Recommendations

Mr. Speaker, as I wind up on our recommendations as a Committee, the remainder of this report should be construed as an amendment on the submitted budget estimates for the FY 2021/2022 with an aim of ensuring that it is aligned to the County Fiscal Strategy Paper and other County planning documents while taking into account the recommendations of the public, the County Executive Committee Member for Finance and the Sectoral Committees

#### Policy Measures

Mr. Speaker, the Committee noted various critical issues during the consideration of the estimates which it would like addressed. In addition to the proposals contained in other parts of this report, the Committee proposes that the Assembly resolves as follows: -

- 1) That the Nairobi Metropolitan Services and the County Treasury pursue measures to ensure full realization of the full amounts due to the Nairobi City County Government as equitable share in the FY 2020-2021;
- 2) That the Nairobi Metropolitan Services and the County Treasury pursue measures to ensure full disbursements of amounts due to the Nairobi City County Government as conditional grants in the FY 2020-2021;
- 3) That the Nairobi City County Assembly fast tracks the preparation and rolling out of its Strategic plan;
- 4) That the Public Service Management and the County Public Service Board initiates measures to roll out the Voluntary Early Retirement programme including submission of attendant regulations to the County Assembly for approval before the amounts allocated are utilized;
- 5) That the Public Service Management and the County Public Service Board develops relevant regulations on the Car Loan and Mortgage Scheme and ensure that the same are approved before the amounts allocated are utilized;
- 6) That the Nairobi Metropolitan Services and the County Treasury in collaboration with the Kenya Revenue Authority ensures timely roll out of the Valuation Roll and the attendant rates be submitted for approval through the Finance Bill, 2021, and
- 7) That the County Government holds a consultative meeting with the Kenya Revenue Authority to develop a joint framework for enhancement of revenue collection and the same be captured in the Finance Bill 2021.

#### Revenue Adjustments

- 1) That the conditional grants from the National Government and other donors totaling Kshs.1billion as contained in the County Governments Grants Bill, 2021 be included in the budget estimates; and
- 2) That the budget estimates for respective Sectors where the conditional grants are domiciled be amended accordingly to reflect that change.

## EXPENDITURE ADJUSTMENTS

Nairobi City County Assembly Service Board

- 1) That in line with approval in the County Allocation of Revenue Bill, 2021 the budget for the Nairobi City County Assembly be approved as follows:
  - Recurrent – Kshs.1.545 billion
  - Development – Kshs.1.506 billion
- 2) That the budget for the Nairobi City County Assembly as approved by the County Assembly Service Board on 16<sup>th</sup> June 2021 as contained in Annex 1 be noted;
- 3) That the following amendments be made on the budget for the Nairobi City County Assembly contained in Annex 1: -
  - a) The allocation for Compensation to Employees be approved at Kshs.892 million consisting of an additional Kshs.17million for promotions and/or recruitments;
  - b) The cadres of promotions be in line with the Board resolution on the organizational structure in Annex II and be implemented with respect to the positions contained in Annex III;
  - c) That the allocation for Domestic Travel and Subsistence and other transportation costs under the Office of the Clerk, vote 2210300 be reduced by Kshs.17million and the budget be amended accordingly to reflect that change; and
  - d) That in line with the ceilings approved in the County Fiscal Strategy Paper 2021, the development budget be reduced to Kshs.1.506billion and the development priorities contained in Annex I be amended accordingly to reflect that change.

Nairobi Metropolitan Services

- 4) That the budget for the Nairobi Metropolitan Services be increased by Kshs.500 million and the amounts be utilized as follows: -
  - a) Kshs.400 million for constructions/rehabilitation of health centers; and;
  - b) Kshs.100 million for rolling out of the Nairobi City County Community Health Services Act, 2019 and specifically for initial payment of Community Health Volunteers.
- 5) That the recurrent budget for the Ward Development Fund be increased by Kshs.24million and the budget for the transferred functions be amended accordingly to reflect that change.

Nairobi City County Government

- 6) That the budget for the Education, Youth Affairs, Sports, Culture and Social Services be increased by Kshs.195 million and the additional allocation be utilized as follows: -
  - a) Kshs.170million for Scholarships and other Educational Benefits – Primary Education translating to Kshs.4.5 million per Ward; and
  - b) Kshs.25 million for disability mainstreaming and rolling out of the provisions of the Nairobi City County Persons Living with Disability Act, 2015. That would also excite Hon. Arivisa who is present today.

- 7) That the budget for ICT and E-government Sector be increased by Kshs.160million and that the amounts be utilized for rolling out of the ICRMS. That would also excite Hon. Mbugua Kabiro.
- 8) That the budget for the Trade, Commerce, Tourism and Cooperatives Sector be increased by Kshs.200 million and that the amounts be utilized for rolling out of the Small and Medium Enterprises Revolving Fund, subject to enactment of an appropriate policy framework.

Mr. Speaker Sir, in conclusion and pursuant to the provisions of Section 131(1) of the Public Finance Management Act 2012 and Standing Order 222(6), the Select Committee on County Finance, Budget and Appropriations recommends that the County Assembly adopts the report of the Finance, Budget and Appropriations Committee on Consideration of the Budget Estimates for the Nairobi City County Government, the Nairobi Metropolitan Services and the County Assembly for the Financial Year 2021-2022.

Hon. Speaker, as I move, I would like to request Hon. Ogada, the Minority Leader to second me.

**Hon. Speaker:** Thank you. Secunder.

**Hon. Michael Ogada:** Thank you Mr. Speaker. To start with, we are happy with the work of the Budget Committee, they have been doing a good job and a good service to the County of Nairobi, and by extension to the County Assembly. They have been prompt in terms of delivery for their reports, they have been spending hours and hours to really come up with proper researched, well done reports, and as the Leader of the Minority, my team is happy with the work of the Chair of this Committee.

Mr. Speaker Sir, having said that, you realize that the report has just presented before this House today is a report that is totaling to about Kshs.40 billion, and that amount is a budget of some smaller countries in Africa, and this is a budget meant for Nairobi City County.

The only problem, having been in this Committee for several years, is when it comes to absorption. Because one thing this House confirms is that they have been prompt in bringing their reports, the year has not ended but we can confirm to you that the Budget Committee is done with its work. You realize that many other counties will be finishing their budget work maybe next month or early August, but ours has been prompt.

But as an opposition team in this House we have issues when it comes to service delivery. And in any case *Bwana* Speaker when you were reading the petition, I thought that you were going to read a petition by the citizens of Nairobi really trying to put to task the officers who have not been delivering. But when you finished reading it, I realized that that does not concern the citizens of Nairobi. There concerns should have been service delivery, which actually they have not really focused on.

As a Budget Committee, we have been trying to find out why we make budgets, and when it comes to absorption, you realize that the officers are really not able to. The departments are not able to. Try to find out why, they will tell you we are either understaffed, prolonged procurement procedures, others say they are waiting for award letters from certain offices, and these particular offices have got individuals occupying them, competent individuals who are supposed to know what they are supposed to at what time. And you still find that documents are lying on their tables.

This is why we have never been able to really absorb our budgets. As a House, I would really like to challenge our Members that we need to put a lot of our efforts, a lot of our fights, should be geared towards service delivery. Are the officers in those offices competently delivering? If it is the issue of understaffing, the Chair has spoken; we have given almost Kshs 400 million to Kshs 800 million for employment alone.

We have got Public Service Board in the County of Nairobi, what does it do? Why do you tell us there is understaffing? Performance cannot be seen; we don't see performance in terms of service delivery. You have the money, you have the officers and your business is simply to recruit, why does it take you centuries upon centuries to recruit? I think as a House we need to take it seriously.

We are talking about Ward Development Projects, as we speak today, many Members in this House will tell you the Engineers have never gone to the ground to really allow the contractors to start off their work. Try to find out why that happens, they will tell you we don't have enough Engineers.

Twelve months, 11 months, 10 months down the line, there are no Engineers who can go and take a contractor to 85 wards, and you want us to sit down and assume that they are working. It does not work like that. So as a House, it is our business to put enough efforts to make sure that the people who have been tasked with certain responsibilities are put to task and seen to be delivering.

We cannot be doing a cosmetic work of passing budgets and yet we know they are not going to be executed, it makes no sense. As elected Members can attest here, go to the ground, pick the projects, the voters are aware that our Wards we are going to receive certain projects, and then the year ends when nothing has happened because of laxity of the staffs. The public will assume that the area MCA has squandered or misappropriated the funds and yet it is service delivery.

So I urge our Members, please let us put more efforts to ensure service is delivered. I have a particular case with the procurement department. I am not saying they are not performing, but when you go to any office they will tell you procurement department is not performing because they have not executed. Go to procurement department, they will tell you the user departments have not made any requisitions to their sector.

So there is a problem of coordination between the sector heads and the procurement department. These are issues that the Chair of Budget and us as Leadership of this House must put enough efforts to ensure that the budgets that we pass here are seriously executed, for the public to see that there is service delivery.

I am also just curious about the revenues. Having been in that department for some time, you realize that when we did not have Kenya Revenue Authority, we were able to collect Kshs 12 billion, Kshs 11 billion, Kshs 10 billion; now with KRA, they are there picking commissions and clamping MCAs vehicles as if that is the only source of income, and not bringing enough money.

An authority like KRA is not able to match what was being done by the Council during that time when the systems were neither here nor there! Mr. Speaker Sir, as much as it is called KRA, it must be put to account, why are they not delivering? If they are not delivering they should pack and leave us alone. Those are some of the hard tackles that as a House we cannot close our eyes and assume that things are good. We are not saying they are not competent, but they are not delivering.

So if you don't deliver, we don't have much business with you. If they don't give us the money, how will we really perform with this kind of budget.

Mr. Speaker Sir, with those few remarks, I wish to second.

*(Questioned proposed)*

**Hon. Patrick Karani:** Thank you, Mr. Speaker, I rise in support of the Motion. I also take this opportunity to thank the Committee Members for taking their valuable time. They spent their energy on this document, and finally we have a report to table here.

Mr. Speaker, I would like to start with the side of revenue. What we have here is projected expenditure for the coming financial year. As we move forward, it is important we also review where we have come from. It is true the country is experiencing serious crisis whereby businesses have gone down and performance has been affected, not for the government alone but also for households. It is time KRA develop serious strategies of meeting the targets that are set up in this budget. This will go a long way by the Executive in implementing Nairobi City County Revenue Administration Act, that purposes we set up our own KRA.

When this guys came on board, we thought they will be assisting the County Government to put up structures, but it interests us that the revenue we collect, the cost of collecting is far beyond when Hon Ogada and Hon Imwatoke were fighting Jambo Pay. At that point. I think it was around 3.25%, but today, the cost of collecting Nairobi revenues is very high. National Bank is charging 3.5%, and KRA takes commission of 1.5%. We are collecting revenue at a cost of 4.5% yet they are not doing anything. It is our staff who are collecting. So, I think it is time the County Executive, and in particular the CECM Finance, to make sure the Nairobi City County Revenue Administration Act is implemented with urgency.

Mr. Speaker, I would also like to point out that in this document, following the pandemic and the effect it had on the small businesses, a mama mboga in Utawala would not require a lot of money to start her business. Kshs. 10,000 assists a lot these small businesses. These proposals in this budget to create small and medium enterprise revolving fund, will go a long way to support the small businesses that are being done by young people and women in our wards. The proposal to have Kshs.200 million, every ward will receive around Kshs. 2 million. This will uplift them from the effects of COVID 19.

Mr. Speaker, in the Education Sector, the Kshs. 4.5 million, that is an addition of Kshs.1 million, will increase the number of students who benefit from the bursary fund.

With those few points, and in the matter of interest of time because we have another business ahead of us, I beg to support.

**Hon. Speaker:** Thank you. There being no any other Member who has requested, may I call the mover to reply.

**Hon. Robert Mbatia:** Thank you, Mr. Speaker. I wish to thank the House for the speedy adoption of this report. This is the 33<sup>rd</sup> report. I want to appreciate your office which has facilitated us since we started this budget process way back in August and now we are at the tail end of it. Mr. Speaker, I thank you for the support you have given us. We have made retreats and we have invited other stakeholders

here, and considering the times that we were in, they were tough times, so we had to collect memoranda from the members of the public and all that.

Mr. Speaker, the other office I want to really appreciate is still under you, which is the Budget Office. These young men have worked tremendously to facilitate us, equip us and to research for us for us to get where we are.

Mr. Speaker, worth mentioning also are the Hon. Members, who I am indebted to mention by names, for the work they did tirelessly. You remember at the CFSP level, half of the Committee got COVID 19, but we soldiered on until now we have the Budget Estimates Report ready. I want to mention with gratitude; Hon. Elizabeth Nyambura, Hon. Jacinta Wanjiru, Hon. Cecilia Ayot, Hon. Immapet Kemunto, Hon. Herman Azangu, Hon. Mellab Atemah, Hon. Kennedy Oyugi, Hon. Frederick Okeyo, Hon. Nimo Hajji, Hon. David Mberia, Hon. Nancy Muthami, Hon. David Okello, Hon. Emily Oduor, Hon. Catherine Okoth, Hon. Susan Makungu, Hon. James Kariuki, Hon. Paul Ndung'u, Joseph Komu, Hon. Kariki Wanjiru, Hon. Anthony Ngaruiya, Hon. Daniel Ngengi, Hon. Osman Adow, Hon. Patrick Karani, and Hon. Michael Ogada. Mr. Speaker, these Members have worked tirelessly to get us where we are. I want to appreciate them very much.

Mr. Speaker, as the two Members have supported the report, I need also to stress that the work now begins at this point because the Executive in the next few days will be passing the Appropriation Bill to give them the law to be able to expend the money. Now the Executive needs to straighten up, as Mheshimiwa Ogada said, in implementing. One thing that has been of concern is the absorption. I have seen around the Director of Procurement. This time we will be strict and we demand that in the first quarter of the coming financial year, all procurement processes should have been started.

Mr. Speaker, you have been a Member of Parliament, the difference between the CDF funds and some of the County Funds were the rolling up of the projects. Mr. Speaker, you are well remembered for the Camp Toyoyo. In a record time, you were able to complete that project in at least one financial year. We have stadia that started and have never been completed. When you raised a matter about the youth, Mr. Speaker, one of the main challenges at this point is just to roll out whatever that is on paper. This is the challenge we are extending to the members of the Executive. I have seen several renowned footballers coming to witness the budget passing. I saw John Shoto Lukoye and Ben Gachie, these are products of Camp Toyoyo Stadium.

With those stadia, we shall be able to bring out the youth and equip them so that they can be able to earn a living through the talent they have got. But slow implementation of the projects the Executive is undertaking is hampering that. Around the City Hall, I understand that around 6:00p.m., there is mugging. That is the news currently that muggers have now come to the CBD. These are the same youths that have been denied opportunities at the grassroots level. Now, they have found their way into CBD to mug us. It is time the Executive man up and undertakes to roll out the projects in time. So, Director Procurement, our guns will be drained on you.

Mr. Speaker, on revenue, Hon. Karani has stressed it very well and I won't belabor on it.

Mr. Speaker, the other issue that we need to stress to the members of the Executive is the issue that Hon. Ogada touched on, it is the issue of staff. We have a bloated aging workforce. The voluntary early

retirement that Hon. Wanyoike, while he was the Chair Labour, pushed passionately but has never been rolled out, should have been rolled out as late as yesterday. That is something that will cure the problem that we have. The wage bill is almost over Kshs.16 billion. This is about 40% of our total revenue. This is in contravention of the PFM Act which stipulates that our wage bill should not be more than 30%. But this time we have a wage bill but the workforce is not productive because it is aging. So, we need to roll out the scheme such that as they exit, then we can be able to get young and experienced labour. By then, we will be able to roll out and move with speed because these are the times that speed is very paramount.

Mr. Speaker, I also want to appreciate the Nairobi Metropolitan Services (NMS) for what they have been doing, it is worth saying that there is a lot of change in Nairobi. Mr. Speaker, even your office has also worked tirelessly and has made now the liaison coordination be easy. We are now able to coordinate between the Members of the Assembly, the members of the Executive and also the NMS without any hitch. We urge them now to move with speed, especially on the Health Sector issue that we have now equipped them to undertake and rehabilitate the existing health centers in place and also build others. Also motivating the community health workers is a plus for this budget.

Without much ado, I want to appreciate the Assembly and all the Members and members of other agencies like the Senate, who passed in a record time the CARA. I also appreciate other agencies like the CRA who set the ceilings in good time for us to be able to get where we are.

Thank you, Mr. Speaker, I beg to respond.

**Hon. Speaker:** Thank you, Chair for the elaborate statements. I believe the respective officers have heard you loud and clear. This time Members will mean business and will not take excuses. I believe you also have powers as the Assembly to make sure that you put those officers on toes.

*(Question put and agreed to)*

### COMMUNICATION FROM THE CHAIR

#### INTERRUPTION OF BUSINESS FOR PRONOUNCEMENT OF BUDGET HIGHLIGHTS AND REVENUE RAISING MEASURES

Hon. Members, following my earlier undertaking, may I now convey the following communication:

Hon. Members, Section 132 (1) of the Public Finance Management Act, 2012 provides that, and I quote:

*"Each financial year, the County Executive Member for Finance shall, with the approval of the County Executive Committee, make a pronouncement of the revenue raising measures for the county government."*

Further, Standing Order 224 provides that:

*"The Speaker may designate a suitable place in the Chamber for the purposes of admitting the County Executive Committee Member responsible for finance to make a public pronouncement of the County budget policy highlights and revenue raising measures for the County government as contemplated under Section 134 of the Public Finance Management Act, 2012."*

Accordingly, I have designated for that purpose, the seats to the right of the Speaker's seat and adjacent to the public servants' benches to enable the County Executive Committee Member for Finance discharge his obligation in compliance with the provisions of Section 132 (1) of the PFM Act, 2012.

In addition, Hon. Members, my office in collaboration with the Office of the Clerk has taken other necessary steps in law and practice to ensure coordinated flow of events during the conduct of today's business.

Hon. Members, may I also draw your attention to the provision of Section 132(2) of the Act requiring the submission of the Finance Bill to the County Assembly by the County Executive Member that in time, shall stand committed to the Select Committee on County Finance, Budget and Appropriations upon being read a first time.

Now therefore, Hon. Members, I will now interrupt the business of the House to allow the County Executive Committee Member for Finance, Mr. Allan Esabwa, to make the pronouncement of the Budget Highlights and revenue-raising measures for the County Government for the Financial Year 2021/2022 and over the medium-term in line with the provisions of Section 132 of the Public Finance Management Act of 2012, and Standing Orders 223, 224 and 226 of the County Assembly.

Hon. Members, Standing Order 226(3) provides that:

*"Whenever the County Executive Committee Member responsible for finance makes a public pronouncement under Standing Order 226, the Speaker shall not allow any questions or clarifications to the statement by the County Executive Committee Member."*

Accordingly, the County Executive Committee Member shall be heard in silence. It is so guided and I thank you Hon. Members.

The County Executive Committee Member is therefore invited. Serjeant-at-Arms organize for the Member to be around.

### **PRONOUNCEMENT OF THE BUDGET HIGHLIGHTS**

**Hon. Speaker:** THAT, pursuant to the provisions of Standing Order 224 and Standing Order 226 (3), the Speaker will today, call upon the County Executive Committee Member responsible for Finance and Economic Planning to make a Public Pronouncement of the Budget Policy Highlights and Revenue Raising Measures for the County Government of Nairobi City for the Fiscal Year 2021/2022.

CECM Finance, proceed!

**County Executive Committee Member for Finance (Mr. Allan Esabwa):** Mr. Speaker, it is indeed a great privilege to present to this honorable assembly, the people of Nairobi, and Kenyans at large the budget highlights and the revenue raising measures for the financial year 2021/2022. This is in fulfillment to the provisions of Section 132 (1) of the Public Finance Management Act, 2012 and premised on Article 201 of the Constitution of Kenya 2010 on the principles of public finance which among others decree that management of public resources shall be done within the realm of openness, accountability, public involvement, equitable society, prudent use of public resources and clarity in financial reporting.

Mr. Speaker, for the better part of the financial year 2019/2020 and 2020/2021, both the global and the domestic economy was faced with the devastating effects of COVID-19. The pandemic had a



negative impact on the performance of the Own Source Revenues. This in effect affected service delivery due to the emergent resource constraints.

Mr. Speaker, despite the emergence of new COVID-19 variants both the global and the domestic economy is projected to be on a growth path in 2021. We are very optimistic that projected growth trajectory is expected to translate to better outcomes to the economy and the County in terms of uptake of our services such as building approvals and Single Business Permits. This will in turn translate to increased revenues and improved fiscal space.

Mr. Speaker, the budget estimates for the FY. 2021-22 submitted to the County Assembly on 30<sup>th</sup> April 2021, seeks to entrench institution transformation for better efficiency and effectiveness in service delivery, as well as bring the county and its residents to a path towards recovery after the devastating effects of the Covid-19 pandemic. Additionally, as we approach the tail end of implementing the CIDP 2018-2022, we are still committed to achieve the development goals which will drive the County to be a better City to Invest, Work and Live In.

Mr. Speaker, in seeking to achieve our medium term priorities, we endeavor to overcome the persistent challenges that have been experienced previously. Broadly, these challenges are largely infrastructural, socio economic and other emerging challenges which prove even more complex to handle.

Mr. Speaker, infrastructural development has not been commensurate to the rapidly growing demands, the population growth in Nairobi City is high and ever increasing, demand for water and sewerage far outstrips the supply, traffic congestion continues to bedevil the city, sprouting of slums coupled with high levels of inequalities, intermittent flooding, and insecurity, has been an ever persistent concoction of challenges encountered by Nairobians and consequently hampering the achievement of our medium term development targets.

Mr. Speaker, the Covid-19 pandemic hit our residents hard, led to collapse of businesses, sank more people into extreme poverty and caused major disruptions to the normal way of life. Unemployment rose significantly resulting in unpredicted levels of social vices. This was an unprecedented phenomenon, and still continues to pose serious challenges to us, and the country at large. The county had reduced activities in compliance with the health protocols.

The County will continue to invest resources towards alleviating the suffering of the people through provision of basic necessities like water through the supply of clean water in the informal settlements. Over the past 12 months the county has tried to support some of the most vulnerable members through emergency responses.

Mr. Speaker, in our quest to be a globally competitive city, we have continuously remained committed to overcome these challenges, and a lot of effort and resources have already been invested towards this end. In the medium term, infrastructural development has remained a key investment area of the county where new roads have been constructed and existing ones maintained, non-motorized transport systems built, public lighting expanded and improved, annual waste management of 730,000 tonnes achieved, beautification of our City and improvement of our public parks done, affordable housing units began, fire stations and equipment installed, markets and modern kiosk built, huge investment in the health

sector for maintenance and construction of health facilities done, quality basic education provided, transition rates to school going children improved, and our vocational training centers improved.

Mr. Speaker, the onset of Covid 19 brought about new and harsh realities globally and we continue to support all measures to fight against the virus, at the same time cushion Nairobians from the resultant hardships.

Mr. Speaker, Covid-19 brought about catastrophic turn in fortunes both in economic and social spheres. Its impact on the economy were severe, combining both supply and demand shocks. It resulted to contraction of the economy by 5.7% in the second quarter of 2020, consequently leading to considerable productivity and welfare losses.

Mr. Speaker, the recommended measures to curb the spread of COVID 19 required very high standards of hygiene and cleanliness. In order to support the efforts of the National Government in curbing the spread of COVID-19, the County through the Nairobi Metropolitan Services embarked on an ambitious program of water provision in the informal settlements. So far 1,400 boreholes have been drilled across the City, and at least 10,000 litres of water supplied to our informal areas by water bowsers. The county will continue with this effort to ensure hygiene levels are improved throughout the county, including all the County Facilities.

Mr. Speaker, the pandemic led to closure of all learning institutions in 2019, and some of the private institutions have not resumed to date. The reduced economic fortunes in most households rendered the remaining few private institutions unaffordable to most families.

Mr. Speaker, this situation has seen an increase in enrolment in Public Learning Institutions, including our Early Childhood Centers. To ensure continuous access to education, we have allocated sufficient resources towards free ECD programme, school feeding programme and the education support programme in form of bursaries. Schools were waived from paying for business licenses during the period when they were not in operation.

Mr. Speaker, to support traders and SMEs to bounce back from the pandemic, and in recognition of the enormous potential of the cooperative movement in capital formation and employment creation, the County Government will enforce existing legislation; revive dormant cooperatives and upscale registration and supervision of new enterprises. We will ensure the environment for doing business is conducive, by allowing hotels pay for their licences as per the reduced sitting capacity, and also adjusting seasonal tickets to allow Matatus pay as per the required social-distancing-compliant capacity.

Mr. Speaker, as unemployment rises due to the pandemic, we will seek to empower the Youth, Women and Persons with Disabilities. Youth polytechnics and TVETs will be equipped with facilities for technical training to promote the competitiveness of the Youth in the labour market. The Government recognizes the great potential for a social turn around through empowerment of Youth, Women and persons with disabilities. In this regard, 30% of available procurement opportunities will be dedicated to enterprises run by these three categories.

Mr. Speaker, the County Government entered into a joint venture to develop and deliver 3390 affordable houses in both Pangani (1,560 units) and Jeanne Estate (1,830 units). This is in support of the big four agenda to deliver affordable houses to Kenyans. The project has progressed well and it is

estimated that 1,042 units in Pangani will be completed in December 2021 and the balance 518 units to be completed by May 2022. Additionally, the 1,830 units in Jevanjee gardens are estimated to be completed in December 2022. The County Government will continue to support the development of affordable housing through joint ventures and soon, the ground breaking of Ngong Road Estate and Suna Road Market with an estimated additional 3,500 units.

Mr. Speaker, the County have made steady progress since the onset of devolution in improving the business environment and improving efficiency and accountability. Notably the County implemented the Integrated Financial Management System in the management of expenditures. The implementation of IFMIS has had the impact of enhancing accountability in the management of public resources. We believe that there still more to be done. Leveraging on ICT, the County will be undertaking reforms to enhance the revenue administration, procurement through the implementation of an Enterprise Resource Programme (ERP) that is intended to ensure full integration of all the sub-systems. The planned ERP platform is expected to be a panacea to maximize revenue collection and halt perennial outsourcing of revenue collection services thus helping reducing the cost of collection.

Mr. Speaker, pending bills accumulated to un proportional level over many years. Statutory debts which dates back more than 10 Years has affected the welfare of our retirees; who should be enjoying the sunset years after working hard for Nairobians, and also affected service delivery.

Mr. Speaker, the delay in settlement of these pending bills has not only led to serious economic and social disruptions as most service providers suffered financially. In addition, allocation of resources towards debt resolution constrains our fiscal space. The supplementary budget for FY. 2020/2021 has accommodated all pending bills owed to suppliers and contractors as at 30<sup>th</sup> April 2021, subject to clearance by the Office of the Auditor General. In effect by the end of the financial year the Government expects to have cleared majority of the pending bills owed to suppliers and contractors that will have been cleared by Office of Auditor General for settlement. To further check the growth of pending bills in the coming financial year, and comply with the National Government directive, the County Treasury will roll out expenditure management policies and sectors will be required to ensure all their pending bills are fully cleared before closure every financial year.

Mr. Speaker, over the years the county has always been experiencing fiscal deficits due to the underperformance of own source revenues. The fiscal policy to support the estimates for the FY 2021/2022 estimates is aimed at reversing this trend by focusing on revenue mobilization of own source revenues. The County will work together with the principal collection agent to address the structural and administrative reforms necessary to achieve the set revenue targets. On the expenditure part, the county will undertake reforms to enhance prudent management of the available resources in order to reduce expenditure on non-core expenditures to create the fiscal space for development expenditures.

Mr. Speaker, the total revenue projection for the FY 2021/2022 including both the National Government transfers and own source revenues amounts to Kshs. 39.6 billion. Out of this the projected national transfers amounts to Ksh.19.3 billion while the total projected Own Source revenues amounts to Kshs. 19.8 billion.

Mr. Speaker, the total projected expenditure amounts to Kshs. 39.6 billion made up recurrent expenditures and development expenditures at Kshs. 27 billion and Ksh.12.6 billion respectively. The allocation to development expenditure is equivalent to 31.8% of the total budget which is in line with the Section 107 of the Public Finance Management Act, 2012 that requires at least 30% be allocated to development.

Mr. Speaker, the revenue and expenditure projections are in accordance to the approved budget ceilings in the approved County Fiscal Strategy Paper 2021.

Mr. Speaker, there exists a very huge gap between the demand for services and the available resources. This coupled with the huge amount of resources required for recurrent and other non-discretionary services like salaries, has created a very big strain on the available resources. We appreciate the support from partners who helped us achieve some of our development objectives, and welcome all partners who wish to support the County achieve its development agenda. We commit to embrace Public Private Partnership as an approach towards bridging the resource gap.

Mr. Speaker, allow me to highlight the budget details for the FY 2021-22 as tabled before this house. As aforementioned, the driving theme for the budget is to transform our institution and its processes, and strategically redirect the County and its people to the Pre-Covid splendor. The county budget for 2021/2022 stands at Kshs. 39.63 billion.

Mr. Speaker, the deed of transfer moved the delivery of four functions from the Nairobi City to the Nairobi Metropolitan Services. The transferred services include:

- County Transport
- County Health Services
- County Planning and Management
- County Public Works and Ancillary Services

The delivery of these functions is expected to continue seamlessly. The priority areas for these transferred functions will be to enhance pedestrian safety and connectivity through construction and rehabilitation of roads, storm water drainage and bridges. Completion of ongoing road works will be targeted as a key priority, together with rehabilitation of already completed works. In an effort to achieve universal health care, equipping and stocking of sufficient drugs and non-pharmaceuticals, construction and rehabilitation of health facilities, and ensuring affordable health services is accessible to all remains our key priority.

Mr. Speaker, Supply of water remains a constitutional right to the public, and management of sewer is an unavoidable responsibility and management of solid waste and sewerage is a challenge we continuously seek to overcome. Towards this end, and to ensure implementation of priorities of the transferred functions, I have proposed an allocation of Kshs. 19.2 billion to the Nairobi Metropolitan Services for the transferred functions. The National Government is expected to fill any resource gaps to NMS from the Consolidated Fund in line with the Deed of transfers.

Mr. Speaker, the ward development programme is aimed at reducing disparities in resource allocation and development across wards. The implementation of the Ward Fund has been encountering various impediments leading to delayed implementation of projects and therefore denying Nairobians the

much needed services. The County Management Committee for the fund was recently appointed and inducted thereby paving way for a seamless implementation of Ward Projects in the coming Financial Year.

Mr. Speaker, the projects to be implemented under this programme will be ward based depending on the priorities of individual wards. The proposals from wards are development oriented, mostly in infrastructure development. I have proposed an allocation of Kshs.1.5 billion as transfers to the Ward Development Fund Account for the FY 2021/2022

Mr. Speaker, The County Assembly (CA) plays an important role in all legislative functions within the County including approval of County laws, policies, budgets and expenditures, integrated development plans, tariffs, rates and service charges as well as playing an oversight role on the County Executive. To achieve this role, Mr. Speaker, I have proposed an allocation of Kshs. 3.2 billion to the County Assembly for recurrent and development.

Mr. Speaker, as stated earlier, COVID -19 led to the closure of many private schools hence an influx of pupils in the available public schools. This strained the available infrastructure, despite the investment the county has made towards the improvement of this sector. However, we concur that a lot more needs to be done to maintain and better our standards. We will therefore focus on hiring and training of more ECDE teachers to match the increased number of pupils, improving and expanding existing training infrastructure as well as integrating ICT in curriculum delivery Kshs. 1.3 billion has been allocated for this purpose.

Mr. Speaker, to support the National Government effort to ensure transition to Secondary Schools at 100%, the Government has been providing support to needy students through the provision of bursaries. The Government is keen on continuing with this endeavor and in this regard, I have allocated Kshs. 420 million for provision of bursaries to needy students. Out of this Kshs 3.5 million will be allocated to every Ward and the balance will be available to sponsor all continuing students under the Executive scholarship programme.

Mr. Speaker, to ensure that Nairobi is food secure, we will seek to tap into the existing opportunities in urban agriculture. Food production is currently 20% of the food consumed within the City making the supply inadequate for sustainable food security within the County. In the coming financial year, the Agriculture, Livestock Development and Fisheries Sector shall focus on installation of green houses, installation of fish tank units, purchase of goat production sites and construction of poultry units. I have allocated Kshs. 409 million to achieve these objectives.

Mr. Speaker, the youth remains central to the wellbeing of our population and future economic progress. In support of youth activities and to nature talent I have allocated a total of Kshs. 252 million for youth activities including completion of stadiums and social halls which serves as recreational centers for the youth.

Mr. Speaker, implementation of the various programs and projects will require an efficient procurement system. To this end and in line with the Government Policy on e-procurement the County will undertake implementation of E-Procurement in line with the National Government policy. This will not only enhance efficiency but will also ensure the County gets the best services at the best prices possible due to increased competition. This makes part of ICT infrastructure development.

Mr. Speaker, I now turn to the fiscal projections and the revenue raising measures for the FY. 2021/22.

Mr. Speaker, the FY 2021/22 budget estimates will be financed from the Transfers from National Government and Own Source Revenues. As highlighted earlier, the total resource projection for the FY 2021/22 stands at Kshs. 39.63 billion up from Kshs. 37.1 billion in FY. 2020/21. The budget is balanced and therefore no borrowing is envisaged.

Mr. Speaker to ensure that the county targets are met, the county treasury projects an income of Kshs. 19.8 billion from internal sources and Kshs. 19.25 billion from external sources. We remain hopeful that the diminished revenue that resulted from the COVID 19 pandemic will be reversed in the coming financial year. In order to realize the projected OSR, the government will be undertaking various structural and legal reforms, amidst other revenue raising strategies.

Mr. Speaker, for a long a time the County has lacked requisite legislation for key revenue streams. This weakened the administration and mobilization of revenue collection. In the coming year, the Government will be pursuing this agenda to ensure every revenue stream has an enabling legislation and with the help of this house we expect better performance henceforth.

Mr. Speaker, Completion and implementation of the Geographical Information System (GIS) based Valuation roll remains a key strategy to boost our rates collections. This will result in capturing of all properties, and rates charged based on the current land value, a departure from the current state where rates are charged as per the 1980 valuation. The number of ratable properties is expected to increase from the current 161,000 to approximately 300,000 properties. This will automatically double the rate income. The new valuation roll seeks to lower the Rate Struck to 0.13% of current land value. Cumulatively, these measures will increase rates income from the current annual collection of Kshs. 2.8 billion to about Kshs. 6 billion.

Mr. Speaker, we will also be mapping other revenue streams through Geographical Information System. This will increase revenue base which will ultimately increase actual revenue and provide a logical basis for target setting.

Mr. Speaker, we will pursue use of accurate data on single business permit to increase more income from SBP. Increasing the number of registered businesses from current 188,000 to approximately 500,000 through collection, updating and cleansing data, is expected to increase SBP revenue from the current Kshs. 2 billion to approximately Kshs. 5 billion.

Mr. Speaker, Implementation of the NCC betting, lotteries and gaming Act, 2021 the betting licenses provides a potential revenue stream with the potential of raising over Kshs. 200 billion per annum.

Mr. Speaker, we have proposed minor adjustments and new charges through the finance bill 2021 with a potential of increasing the revenue by Kshs. 2.2 billion. The key areas of interest in this Bill are;

1. Revision of fees and charges as outlined in the NCC trading and Licensing Act, 2019.
2. Introduction of monthly seasonal tickets for building materials transporters
3. Gazette more parking areas and zonal charging of the parking bays.

Mr. Speaker, Implementation of the new Integrated County Revenue Management System is overdue. The system will integrate all other collection platforms, for efficient and effective revenue

collection and monitoring. This will provide a convenient platform for the public to pay from any location. The system will make it easy to make payment online and at Sub-County with real time updating of accounts.

Mr. Speaker, Enactment of the Nairobi City County Revenue Administration Act, 2019 provides legislative framework for the general administration of revenue raising laws, and effective administration of revenue collected by the County Government; the assessment, collection, receipt and management of the revenue; establish the County Revenue Board resulting to an efficient revenue management and supervision.

Mr. Speaker, to boost on the above mentioned strategies we will creating public awareness on all the County levies for citizen to know how much to pay, how to pay, deadlines and consequences of being in default. We shall also ensure prompt billing and serving of demand notices combined with continuous inspections and enforcement to ensure compliance. We shall provide the necessary tools to facilitate collection, inspection and enforcement of revenue

As I conclude, Hon. Speaker, I cannot fail to reiterate that the County Government remains focused and steadfast to ensuring that the development targets are met, consequently transforming the county into the glorious City in the sun, a competitive City globally, with its people benefiting from a high quality of life. The budget preparation process was consultative, crafted on the backdrop of limited resources and trade-offs have been done to ensure that the County only pursues areas of optimal gains.

This event could not have been possible without the support of the office of H.E. Acting Governor, your office Mr. Speaker and that of the Clerk to the County Assembly. I thank you for having granted me the opportunity to present this budget highlights and also for the support thus far received throughout this process. I am also grateful to the Finance, Budget and Appropriations Committee led by the very able Chairman, Hon. Robert Mbatia, all other Sectoral Committees, The Leader of the Majority Party Hon. Abdi Hassan and the Leader of the Minority Party Hon. Michael Ogada for their commitment to see this process end successfully.

I cannot forget to appreciate my fellow County Executive Committee Members, County Chief Officers, staff at the County Treasury led by the County Chief Officer for Finance who have jointly and individually worked hard to ensure that the budget and all supporting documents met the legal timelines.

Finally, Mr. Speaker, I wish to thank Nairobians in general for their continued involvement in County affairs through public participation, their unwavering fulfillment of their civic duty which finances the County operations, and pledge that as a County we will focus on the priority areas they helped us identify. Thank You All and God Bless Nairobi City County.

Mr. Speaker, allow me to submit the Finance Bill 2021 and the Budget Statement for the FY. 2021/2022 to this House for consideration. Thank you Honorable Speaker.

### ADJOURNMENT

**Hon. Speaker:** Thank you Mr. Allan CEC Finance. Hon. Member we have come to the end of today's business. Therefore, the House stands adjourned to Tuesday 29<sup>th</sup> of June at 9.20 a.m. Thank you.

***The House rose at 4.45 p.m.***

