

COUNTY GOVERNMENT OF NAIROBI CITY



NAIROBI CITY COUNTY ASSEMBLY

FIRST ASSEMBLY - FOURTH SESSION

**REPORT OF THE SELECT COMMITTEE ON BUDGET AND
APPROPRIATIONS**

ON

**THE BUDGET ESTIMATES FOR THE COUNTY GOVERNMENT AND THE
COUNTY ASSEMBLY FOR THE FY 2016/17**

JUNE 2016

*Paper laid by
Chairperson Budget
Committee on
Tue. 5/17/2016.
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5/17/16*

Mr. Speaker Sir, on behalf of the Members of the Select Committee on Budget and Appropriations and pursuant to the provisions of Section 131 (1) of the Public Finance Management Act, 2012, the Public Finance Management (County Government) Regulations 2015 and Standing Order 207 it is my great honour to present to this Assembly, the 4th Committee report on consideration of the Annual Estimates for the County Government and the County Assembly. It is once again important to remind Members that this County Assembly has been granted powers by the Constitution and the enabling legislation, the Public Finance Management Act, 2012 to make policies and provide guidelines with regard to resource mobilization and utilization in the Counties.

The Nairobi City County Assembly Budget and Appropriations Committee is mandated pursuant to Standing Order 187 to among others:

- a) *Investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget;*
- b) *Discuss and review the estimates and make recommendations to the County Assembly;*
- c) *Examine the County Fiscal Strategy Paper presented to the County Assembly;*
- d) *Examine Bills related to the county budget, including Appropriations Bills; and*
- e) *Evaluate tax estimates, economic and budgetary policies and programs with direct budget outlay*

Mr. Speaker Sir,

In line with the provisions of the Constitution and the requirements of Section 129 (2) of the PFM Act, 2012, the budget estimates for the two arms of the County Government namely, the County Government and County Assembly were tabled in the County Assembly on the 3rd May 2016. In line with the provisions of Standing Order 207 (3) the estimates were deemed to have been committed to each of the Sectoral Committees to consider in line with their

respective mandates and report their recommendations to the Budget and Appropriations Committee.

Mr. Speaker Sir, the County Assembly Budget & Appropriations Committee was constituted at the beginning of the Fourth Session and it comprises of the following 19 Members:

1. **Hon. Michael Okumu, MCA**

Chairman

2. **Hon. George Ochola, MCA**

Vice-Chairman

3. Hon. Catherine Akoth, MCA

4. Hon. Caroline Muga, MCA

5. Hon. Magdalene Mbogori, MCA

6. Hon. Osman Ibrahim, MCA

7. Hon. Jackson Kiama, MCA

8. Hon. Kenneth Thugi, MCA

9. Hon. David Kairu, MCA

10. Hon. Fredrick Obenge, MCA

11. Hon. Herman Azangu, MCA

12. Hon. Helen Katangie, MCA

13. Hon. Jane Muasya, MCA

14. Hon. Peter Isuha, MCA

15. Hon. Isaac Ngige, MCA

16. Hon. Ngaruiya Chege, MCA

17. Hon. Samuel Irungu, MCA

18. Hon. Bernadette Wangui, MCA

19. Hon. Victoria Alali, MCA

Mr. Speaker Sir, the Budget Committee has over the three years that it has reviewed the budget estimates for the two arms of the County Government noted that the documents contained mishaps that made them short of the legal requirements and the generally accepted best practices. Devolution and devolved system of government being a new phenomenon there are bound to be

many trial and errors leading to misapplication of procedure and miss of the excellence mark. However, in review of the budget estimates for the FY 2016/17, the Committee was pleased to note that there had been a lot of improvement in the budget preparation and reporting compared to the previous financial years. The Budget Committee would wish to once again inform this Assembly that the County Executive has made effort to include resolutions made by this Assembly in the preparation of subsequent budget documents. It is commendable that experiences gained over the past three financial years have been of value to the Members of this Assembly and the officers from the County Executive in preparation and reporting on financial matters. The positive outturn notwithstanding, this report would be keen to highlight the specific areas that still need all of us to pull up our socks.

Examination of the Budget Estimates for the FY 2016/17

Mr. Speaker Sir, in the course of dispensing with these Estimates, the Budget Committee held a total of fifteen (15) sittings. In a number of these sittings as evidenced by the attached minutes of the Committee, officers from the County Treasury were invited to take members through the revenue and expenditure projections as well as agree on the estimates contained on the budget books. In addition, the Committee held discussions with the Clerk to the County Assembly represented by the Senior Finance Officer who explained to the Committee in detail the rationale for resource requirements as requested by the County Assembly Service Board. The Committee would therefore wish to report that the views of the County Executive Committee Member for Finance and the Clerk to the County Assembly have been incorporated in this report.

Acknowledgements

Mr. Speaker Sir, the provisions of the Standing Orders require the Sectoral Committees to consider the budget estimates and submit their reports to the Budget and Appropriations Committee within twenty-one (21) days from the date of tabling. The Budget Committee confirms that all the Sectoral Committees reviewed the Estimates and submitted their recommendations as

required by the law decree. To this end the Committee is grateful to all the various Sectoral Committees that appeared before it and whose submissions have formed an integral part of this report.

Further, **Mr. Speaker**, the Constitution of Kenya has underscored the importance of public engagement on all policies that are made for and on behalf of the public. In this regard therefore, the Committee is utmost grateful to the many Kenyans who took time to present their views to the Budget and Appropriations Committee during public hearings held in this Charter Hall on the Tuesday 31st May 2016.

Mr. Speaker, I would like to thank Members of the Budget and Appropriations Committee who dedicated their time to ensure the task of reviewing these Estimates is done diligently and within the statutory timelines.

Mr. Speaker Sir, the Committee also thanks the Offices of the Speaker and the Clerk of County Assembly for the enormous support they extended to the Committee during the deliberation on the budget estimates for the FY 2016/17. Further, the Committee would wish to offer special appreciations to the Senior Deputy Director at the Parliamentary Budget Office and the County Assembly Fiscal Analysts who helped the Budget Committee and indeed all Sectoral Committees digest and make well-informed decisions on the sector allocations and revenue projections as contained in the budget estimates.

Mr. Speaker Sir, it is my pleasant duty and privilege on behalf of the Budget and Appropriations Committee to table this report and recommends it to this Assembly for adoption.

SIGN.....

DATE.....

Hon. Michael O. Okumu, MCA (Chairman)

SCRUTINY OF THE 2016/17 BUDGET ESTIMATES

A. Compliance of the 2016/17 Budget Estimates to the requirements of The Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations 2015

1. Mr. Speaker Sir, over the last three financial years the Budget Committee has reminded this Assembly that the budget making process is a clear methodological process that is guided by the law and devoid of gambles and guesswork. The budget preparation, approval and implementation processes are anchored on the Constitution, supported by the Public Finance Management Act, 2012, the Public Finance Management Regulations and reinforced by our very own Standing Orders. The preliminary step for the Committee in scrutinizing the budget estimates is to confirm how far the document has aligned itself to the prevailing legislations. This section therefore attempts to answer the questions related to how far the estimates have been faithful to the requirements of the law.

2. Mr. Speaker Sir, the provisions of Section 210 (12) of the PFM Act 2012 required that the County Governments start preparing program based budget beginning in the financial year 2014/15. This therefore implies that this is the third financial year in which such budgets are supposed to be prepared by the County Government. Whereas there are still areas in dire need of improvement, the Committee Committee wishes to congratulate the County Treasury and the County Assembly Service Board for having been alive to these legal provisions during their preparation of the 2016/17 budget. Once again we note that program based budgeting is still a new phenomenon even for the national government and confusion about what constitutes a program and how to determine measurable outputs among

other related identifiers remains a challenge. It is therefore excusable during these initial stages that under some sectors like the County Public Service Board the programs objectives and targets had no links whatsoever with the sector vision and mission. However, to enable all of us get the concept of program based budgeting right, **Mr. Speaker Sir**, the Budget Committee urges all departments in the County Executive to develop necessary capacity in this area.

3. Mr. Speaker Sir, the provisions of Section 129 (2) (a) of the PFM Act, 2012 requires that the budget estimates be submitted to the Assembly together with any supporting documents and all bills that are required to implement the budget. Section 130 (1) of the same Act is indeed explicit on the budget documents that should be submitted in the Assembly together with the budget estimates. These include:

- i. *A summary of budget policies including revenue, expenditure, debt and deficit financing;*
- ii. *A statement of how the budget relates to the fiscal responsibility principles and the financial objectives; and*
- iii. *A memorandum by the County Executive Committee member for Finance explaining how the resolutions adopted by the county Assembly on the budget estimates have been taken into account.*

4. Mr. Speaker Sir, the provisions of Section 130 (1) (b) of the PFM Act, 2012 stipulates that the budget estimates shall include:-

- i. *List of all county government entities that are to receive funds appropriated from the budget of the county government;*
- ii. *Estimates of revenue projected from the Equalization fund over the medium term;*
- iii. *All revenue allocations from the national government over the medium term including conditional and unconditional grants;*
- iv. *All other estimated revenue by broad classification;*

- v. *All estimated expenditure, by Vote, and by programme, identifying both recurrent and development expenditure;*
- vi. *Information regarding loans made to the county government, including an estimate of the principal, interest and other charges to be paid by that county government in the financial year in respect of those loans ;*
- vii. *Information relating to any payments and liabilities to be made or incurred by the county government for which appropriation is not included in an Appropriation Act, together with the constitutional or national legislative authority for any such payments or liabilities; and*
- viii. *A statement by the County Executive Committee Member for Finance specifying the measures taken by the county government to implement any of the County Assembly recommendations.*

Mr. Speaker Sir;

As has been stated, the Budget and Appropriations Committee noted that there has been a lot of progress in the preparation of the budget by both the County Executive and the County Assembly since coming to life of the County Government. The Budget and Appropriations Committee notes that the County Government has over the last three years come of age on preparation of program based budgets and compliance to the laid down statutory procedures. It is noteworthy that in these budget estimates there was an attempt by the County Treasury to comply with the above provisions and indeed submitted a budget summary explaining various contents of the budget document.

However, the Budget and Appropriations Committee still regrets to report that the implementation of the resolutions of this House has been lackluster and reporting on the same even more wanting. It was the expectation of the Committee that County Treasury would submit to this Assembly details progress in implementing the resolutions on a number of documents adopted including the Annual Development Plan, the County Fiscal Strategy Paper, the Supplementary Budget Estimates among others. Further, since this is the

penultimate year of implementation of the County Integrated Development Plan for the financial year 2013-2017, it was the hope of the Committee that details of how the same has been rolled out over the last three years would have been paramount.

Mr. Speaker Sir, over the last three financial years, the County Assembly has been keen to ensure that the ward based development projects are rolled out with same zeal and commitment that the enabling law was adopted. Since the law was passed and formally operationalized in the financial year 2014/15, this financial year would have been the second year of implementing the ward development fund projects. However, the Committee heard from the Select Committee on Ward Development Fund on how endless amendments and alleged lack of interest by the County Executive has slowed down the quick pick up of the projects. It is the expectation of the law that this budget would have provided a brief review of how the 2015/16 budget is being implemented including any challenges being faced in the process with specific focus on how the WDF is coming to life. However, as members may have noticed, this section was once again lacking making it difficult for the County Assembly Members to be properly informed on the effects of the previous allocations and how the additional funds being requested would be able to transform the County.

B. Overall Budget for The FY 2016/17

5. Mr. Speaker Sir, the total County budget for the FY 2016/17 amounts to **Kshs. 35.986billion** out of which **Kshs. 23.15billion** has been earmarked for recurrent expenditures and **Kshs. 12.83billion** has been set aside for development programmes. It is worth recording that the amounts allocated for development vote stands at 36% of the total budget which is an improvement from the 31.7% of the total overall budget allocated in the FY 2015/16 annual estimates.

6. Mr. Speaker Sir, on the specific sector allocations, the Public Health Department that has the highest number of devolved staff is the largest consumer of recurrent budget at Kshs. 5.45billion or almost a quarter of the total recurrent budget followed by the Governor's Office at Kshs. 3.16billion or about 13% of the total county recurrent budget. The Water, Energy and Environment Sector which is in charge of managing the City's garbage collection and water infrastructure has been granted Kshs. 1.56billion for recurrent initiatives. To undertake debt repayments, manage procurement, audit as well as fiscal reforms, the Finance and Economic Planning Sector has been allocated Kshs. 2.8billion. Public Works and Infrastructure Sector leads in development allocation at Kshs. 4.87billion excluding WDF or about 38% of the total development budget. The only other sector with development budget exceeding the Kshs. 1billion mark is the Health Department at Kshs. 1.1billion.

7. Mr. Speaker Sir, the Budget Committee recommended during the review of the budget estimates for the FY 2015/16 that there was need to stay away from the use of supplementary estimates as convenient avenues for correcting miss-projections in the annual estimates. However as Members may recall, the County Assembly in April 2016 approved a supplementary budget which had revised upwards the allocations for recurrent expenditure and reduced by about 30% the amounts set aside for development. With the revisions, the development budget had once again borne the brunt of revenue shortfalls and changes in County expenditure prioritization thereby reducing to below 30% the total development funds as a proportion of the total budget as required by the PFM Act, 2012. The Committee has over the years been firm on the County Treasury to ensure that the allocated funds for development are spent as planned. Further it has been the view of the Committee that the County Treasury needs to continue enhancing the capacity of various Sectors to not only make requisitions in a timely manner but also absorb the funds allocated for development projects. In this regard therefore, the Committee once again

urges the County Treasury and the Office of the Controller of Budget to ensure timely and efficient exchequer releases of development funds.

8. Mr. Speaker Sir, Nairobi County is unique in many aspects and one among them is the magnitude of emergencies that require attention of the County Government. A case in point is the recent collapse of buildings in Huruma that caused loss of lives and property in unimaginable proportions. These events provide a glimpse of areas that definitely need the County Government to step in and set aside substantial resources to guarantee that City residents who are affected by such calamities have a shoulder to lean on. It is based on these self-explanatory reasons that the County Treasury has allocated Kshs. 80million for Emergency Fund for the FY 2016/17. However, the County Treasury lamented that due to lack of enabling guidelines approved by the County Assembly, the County Executive had been reluctant to utilize the funds set aside for emergency relief. Further, during deliberations on these estimates, the County Executive Committee Member for Finance reminded the Committee that the Emergency Fund Regulations have been submitted to the Assembly for consideration. The Committee once again wishes to urge the County Assembly leadership to see to it that the regulations are submitted to the Assembly and approved without any further delay.

C. Financing the 2016/17 Budget

9. Mr. Speaker Sir, the budget estimates have envisaged that in the FY 2016/17 the total county revenues shall comprise of Kshs. 16.42billion as National Government share and Kshs. 19.57billion from internal sources making the total revenue of Kshs. 35.99billion against a total expenditure outlay of Kshs. 35.99billion. Therefore, the Budget Committee confirms that with the aforementioned resource outlay, the budget for FY 2016/17 has no financing gap.

10. However, **Mr. Speaker Sir**, review of the revenue performance in the financial year 2015/16 indicates that the internal revenue figures for the current financial year are still over-ambitious. The Committee notes that the major technological reforms that have been initiated in various revenue heads are yet to deliver upward surge on revenue growth and expansion of the revenue basket.

11. **Mr. Speaker Sir**, for comparative purposes, as at end of March 2016 the total internal revenues stood at Kshs. 9.553billion an improvement by Kshs. 200million from the figure collected at similar time in the FY 2014/15. The annual target for the FY 2015/16 stands at Kshs. 15.289billion (according to the revised budget). From this figures the County anticipates to collect over Kshs. 5billion in the last three months of the current financial year. In the FY 2014/15, the County collected Kshs. 11.5billion while it managed to raise Kshs. 10.03billion in the FY 2013/14. This implies that the projected revenue represented an increase of about 70% from the actual collections in the FY 2014/15. The revenue growth by over Kshs. 4billion or 27% of the 2015/16 estimate appears unrealistic and unachievable (revenue growth should be by about 10%). Nonetheless, the County Treasury during these deliberations persuaded the Committee that measures had been initiated to ensure that we come as close as possible to our revenue targets

D. Submissions from Sectoral Committees

12. **Mr. Speaker Sir**, provisions of Standing Orders 207 (3) and (4) dictate the procedure of dispensing with the budget estimates once they have been tabled in the County Assembly. These provisions require that the estimates be considered by all the Sectoral Committees in line with their respective mandates and report to the Budget and Appropriations Committee. Further, Standing Order 187 (6) requires that the Budget and Appropriations Committee holds discussions with the Chairpersons of all

Sectoral Committees during the consideration of the budget. To satisfy these provisions, the Committee invited the Sectoral Committee Chairmen for meetings held between Friday 10th June 2016 and Saturday 11th June 2016 where they made their presentations on their respective sectors. In this meeting, the Sectoral Committee Chairpersons provided the Committee with insights into the budget performance for the FY 2015/16, the planned Sector priorities as well as accompanying budgetary allocations for the FY 2016/17. In this meeting the Budget Committee agreed with the various Sectoral Committees on the proposed changes in their budget estimates for the coming financial year.

13. Mr. Speaker, the following were some of the recommendations that the Sectoral Committees made to the Budget and Appropriations Committee:

I. Health Services Committee

- i. That the following adjustments be made under the Curative Care Programme:
 - The allocation for Upgrade of Pumwani Nyayo Wards be reduced by Kshs. 20million to Kshs. 80million;
 - The allocation for Construction of new complex at Kasarani be reduced Kshs. 40million to Kshs. 40million;
- ii. The Kshs. 60million saved from the above reductions be reallocated as follows:
 - Kshs. 20million for Construction of incinerator at Dandora II;
 - Kshs. 10million for Equipping of Clay City Health Centre;
 - Kshs. 15million for rehabilitation of Kaloleni dispensary;
 - Kshs. 8million for rehabilitation of Mbotela Day Clinic; and
 - Kshs. 7million for construction of perimeter wall at Kaloleni Clinic
- iii. That under the Programme of Preventive and Promotive Health Services the recurrent budget of Kshs. 645.9million be distributed to provide Kshs. 30million for the Nutrition Unit for the following line items:

- Kshs. 5million to procure essential nutrition commodities;
- Kshs. 3million for monitoring and reporting tools;
- Kshs. 3million for procurement of anthropometric equipment;
- Kshs. 3million for storage facilities;
- Kshs. 6million for nutrition surveys; and
- Kshs. 10million for training and awareness creation

General Observations of the Budget and Appropriations Committee on the Public Health Department

Mr. Speaker Sir,

14. The Health Department has been allocated Kshs. 6.55billion out of which Kshs. 5.45billion has been requested for recurrent expenditures while Kshs. 1.1billion has been set aside for development programmes. This request represents a reduction of Kshs. 240million from the 2015/16 allocation of Kshs. 6.798billion.
15. The development resource requirement for the Health Sector as per the submissions made by the County Executive during the consideration of the CFSP stood at Kshs. 2.2billion (including Kshs. 500million for improvement of facilities, Kshs. 1billion for purchase of equipment and tools and Kshs. 700million for provision of emergency services) implying that the current resource allocations would only suffice for half of the Sector priorities. However, it is also noteworthy that the Sector's absorption rate of the development funds for the FY 2015/16 as at the end of the third quarter stood at Kshs. 547million or just 31% of the approved annual estimates. It is however noteworthy that this expenditure as at 3rd quarter will exceed the Kshs. 560million spent in development by the Sector in the FY 2014/15. The Budget Committee therefore remains unconvinced whether the Sector has the capacity to absorb the Kshs. 1.1billion allocated for development programmes in the FY 2016/17.

16. The Sector plans to spend huge amounts of its allocations on personnel emoluments to the tune of Kshs. 5.45billion presumably due to the number of devolved staff that the sector absorbed. This expenditure on Compensation to employees represent an increase of 13% from the 2015/16 budgetary allocation of Kshs. 3.673billion. As is the case in many other sectors, Use of Goods and Services takes the second highest chunk of sector funds at Kshs. 1.289billion with capital expenditure consuming Kshs. 1.1billion. The expenditures on both Use of Goods and Services and Capital Expenditure have reduced by 5% and 37.5% from the allocations given in the 2015/16 annual estimates. The reduction in amounts for Use of Goods and Services serves to restrict wanton allocations to recurrent expenditures and should be encouraged.

17. The Budget and Appropriations Committee has consistently been concerned with this Sector's spending of huge sums of money at source in complete disregard of the provisions of Section 109 of the PFM Act, 2012 which require that all revenues are swept to the County Revenue Fund. Whereas the Committee reiterates that it does not dispute the rationale for using the amounts as Appropriations-in-Aid, it remains firm that the law must be complied with and hence this has to be backed by a legislation passed by this Assembly. The Committee advised during a similar process last year that County Executive comes up with a legislation that would exclude specific spending entities from sweeping various aspects of their revenues to the County Revenue Fund. However, the Committee has been set aback that despite the apparent need for such legislation, there has been no attempt to develop the same.

II. Planning and Housing Committee

A. Urban Planning and Lands

- i. That the estimates in the FY 2016/2017 for the Urban planning and Lands sector be retained at Kshs.753 million of which Kshs.318

million is for recurrent expenditure while Kshs.435 million is for capital expenditure.

ii. That all projects that were approved in the CFSP and were left out in the tabled estimates should be re-introduced in the budget for the FY 2016/2017 as follows:

- Installment and upgrade of ICT supported services allocated Kshs. 31million;
- Implementation of a web-based physical address system allocated Kshs. 50million;
- Sustainable energy & climate change action plan allocated Kshs. 5million;
- Renovation of planning compliance of city hall planning offices be allocated Kshs. 5 million;
- Refurbishment of UDD offices and development control registry be allocated Kshs. 10million;
- Refurbishment of survey offices be allocated Kshs. 12 million;
- Purchase of survey equipment be allocated Kshs. 12million;
- Acquisition of site vehicles be allocated Kshs. 15million;
- Refurbishment of city hall valuation offices be allocated Kshs. 10 million; and
- Establishment of GIS based valuation roll be allocated Kshs. 20 million.

iii. That all projects whose allocations in the tabled estimates were above the figures approved in the CFSP should be re-adjusted to conform to the approved CFSP ceilings as follows;

- That the allocation for development of integrated District plans for the city (Divide the city in approximately 9 Districts) be reduced from Kshs.130 million to Kshs.30million;
 - That the allocation for development of 4 public spaces (3 in Eastlands & 1 at Aga Khan Walk) be reduced from Kshs.70 million to Kshs.25million; and
 - That the allocation for survey of county land and other lands be reduced from Kshs.20 million to Kshs.10million.
- iv. That the following new projects included in the tabled estimates and defended by the sector but are still within the approved overall ceiling for the sector be included in the budget for FY 2016/2017:
- Regularization of unauthorized developments be allocated Kshs.60 million; and
 - Planning Compliance and enforcement on buildings (to hire equipment, sensitization, security, vehicles etc.) be allocated Kshs. 55million.
- v. That the following projects contained in the tabled estimates be implemented since they are within the approved ceilings:
- Regularization of county and other lands be allocated Kshs.10million;
 - GIS development and expansion be allocated Kshs.50million; and
 - Registration of the leases be allocated Kshs.25million.

B. Urban Renewal and Housing Sector

- i. That the estimates in FY 2016/2017 for the Urban Renewal and Housing Sector be retained at Kshs.398 million of which Kshs.210 million is for recurrent expenditure while Kshs.188 million is for capital expenditure.

ii. That the following projects be implemented under the capital expenditure (development vote):

- Rental Housing Maintenance be allocated Kshs.60 million;
- Housing Policy formulation be allocated Kshs.10 million;
- Community development be allocated Kshs. 5 million;
- Mortgage Collection System Development be allocated Kshs. 5 million;
- Urban Renewal be allocated Kshs.68 million;
- Building services (systems) be allocated Kshs. 30 million;
- Building services (renovation) be allocated Kshs. 10 million.

General Observations of the Budget and Appropriations on the Sectors under the Sectoral Committee on Physical Planning and Housing

Mr. Speaker Sir,

18. The Budget and Appropriations Committee has been reminded during the consideration of the budgets on how the state of County owned houses has dilapidated over time thereby making a mockery of the County's motto of being a city destination of choice to live and invest. The County Government has been consistent on emphasizing to the Nairobi residents the need to properly maintain their apartments and residential in good state. However, the Budget and Appropriations Committee concedes that this would amount to irony if the very County Government cannot keep their houses in the state that it preaches. It is based on the need to improve these properties that the County Government intends to launch an exhaustive urban renewal programme aimed at elevating the status of the various county possessions. It is worth reminding this House that the National Government has been steadfast in setting aside a substantial amount of resources to the tune of 30% of income for maintenance purposes. The Committee therefore commends the Sector for having

enlisted a number of initiatives for urban renewal. It was nonetheless noted that the programme would still bring on board only about 638 tenants out of the 17,000 tenants. The Committee urges the Sector to roll out the programme with the urgency and commitment required and thereafter we need to consider a fair and an equitable adjustment of the rent to cushion out revenue sources.

19. Over the last three financial years, the Sector has been bold in outlining to the Budget and Appropriations Committee how it intends to undertake an overhaul of the valuation roll and ensure that the register updated. The Committee is still convinced that update of the valuation roll would bolster our revenue inflows and that the net gain associated with such process would far much outweigh any anticipated costs. However, the Budget and Appropriations Committee still regrets that there has been no conspicuous progress in this area and any previous commitments to fast-track this process has not gone beyond the Committee rooms. It is important that any such plans are properly costed and action timed to ensure that the responsible are bound to achieve the intended targets.

III. Agriculture, Environment and Natural Resources Committee

That the Budget Estimates for the **Environment, Water & Energy** Sector:

- i. Be retained at at Kshs 1,560,000,000 for the recurrent expenditure and Kshs 568,200,000 for development expenditure as it is in the printed budget estimates;
- ii. Having considered and taken into account the various views of the CEC Members Responsible for Agriculture, Livestock Development & Fisheries; and Environment, Water & Energy, the Committee recommends that the Budget Committee approve the changes made to the draft estimates to conform to the CFSP as contained in this report.

That the Budget Estimates for the Agriculture, Livestock Development & Fisheries Sector:

- i. In order to align the Estimates to the CFSP the Budget Estimates for the Sector be retained at Kshs 534,000,000 comprising of Kshs 384,000,000 million recurrent expenditure and Kshs 150,000,000 development expenditure;
- ii. Under Veterinary Animal Health reallocate Kshs. 500,000 provided for purchase of generators towards purchase of Veterinary vaccines.
- iii. The initial allocation of Kshs. 995,000 for Livestock resources development be reallocated to cater for training allowance. This was a development expenditure allocated recurrent budget;
- iv. Purchase of firefighting vehicles and equipment should be amended to read as purchase of firefighting equipment;
- v. Under Crop development and management purchase of firefighting vehicles and equipment should read purchase of firefighting equipment;
- vi. Under Fisheries development and management, the allocation of Kshs. 3,130,000 for purchase of agricultural machinery and equipment be scrapped off the budget and reallocated as follows:
 - Kshs. 1,000,000 to training expenses;
 - Kshs. 1,000,000 to Trade shows and exhibitions; and
 - Kshs, 1,130,000 to Purchase of Veterinary vaccines, sera under Animal Health, Quality assurance.

General Observations of the Budget and Appropriations Committee on the Sectors under the Sectoral Committee on Agriculture, Environment and Natural Resources

20. **Mr. Speaker Sir**, during the consideration of the budget estimates for the FY 2015/16, the Budget Committee decried how the Environment Sector has continuously requested for budgetary allocations for purchase of refuse trucks. During deliberations of these Estimates the Committee was shocked to learn that most of these trucks are either not working or are in bad state. The Committee was informed of how the trucks purchased had become too expensive to maintain due to unavailability of spare parts making most of them to remain unutilized. As Members will notice and in line with the resolutions adopted in the CFSP, the Sector has been granted another authority to purchase five trucks in the FY 2016/17. The Committee hopes that this would be last time in the current administration that we will have to consider a request to purchase trucks for the Environment Sector. It is the view of the Committee that with the continued privatization of garbage collection in the City, budgeting for purchase of trucks would not really be far off from double allocation.

21. Most importantly **Mr. Speaker Sir**, it is the view of the Budget Committee that we need to reach the finish line with respect to purchase of vehicles in this County. The Budget Committee reiterates that purchase of vehicles is not the core function of the County Government and all measures must be put in place to ensure that the vehicles we acquire are well maintained to serve the purpose for the long journey.

22. **Mr. Speaker Sir**, as Members may recall, in the 2014/15 and 2015/16 budget the County Assembly allocated funds for Youth Solid Waste Management. It has been the resolution of the Assembly that before the funds were utilized the Sector had to submit the regulations on the same to this Assembly for interrogation and subsequent approval. However, the Committee notes that the Sector has over the last two years chosen to follow the route that is less travelled by disregarding resolutions of this Assembly. The Committee has reprimanded the Sector and called upon the officers to ensure that the regulations governing the utilization of the

moneys is brought to this County Assembly for consideration. Once again it is important to remind officers of the County Government that the urge to use County funds without enabling guidelines would not be entertained and this Committee would not hesitate to recommend sanctions whenever we feel anyone boards on breaking the law.

IV. Trade, Tourism and Cooperatives Committee

- i. That Kshs. 50 million be allocated for development of modern kiosks in the 85 wards of the Nairobi City County as per the CFSP resolution;
- ii. That the amount from the following votes be deducted and be transferred to the development of modern kiosks;
 - Kshs. 35million allocated to tourism development for advertisement, awareness and publicity campaigns amounting to Kshs.35million be reduced by Kshs. 20 million;
 - Kshs. 26.38million allocated for other operating expenses under Tourism Development be reduced by Kshs. 15million; and
 - Kshs. 26.5million allocated to Trade Development and Market Services for Market Headquarters be reduced by Kshs. 15million.

General Observations of the Budget Committee on the Sector under the Sectoral Committee on Trade, Tourism and Cooperatives

Mr. Speaker Sir,

- 23.** The total allocation to Trade, Tourism and Co-operatives Sector is Kshs.1.213billion. The recurrent budget takes the biggest chunk of the budget with an allocation of Kshs.663 million and development at Kshs.550 million. The budget for the Sector is projected to grow from the Kshs.979.8 million allocated in FY 2015/16 annual estimates. The allocation towards development in FY 2015/16 was Kshs.472billion and Kshs.485million was earmarked towards recurrent activities.

24. On the absorption capacity for the Sector the Committee observed that the Sector has been a low absorber of development funds and high utilizer of recurrent allocations since coming into existence of the devolved system of government. In the FY 2014/15 the Sector was allocated Kshs. 503million out of which it managed to utilize 102 % of the recurrent allocation and 2.5% of the development vote. In the current financial year, the Sector requested for Kshs. 979million in the annual estimates a figure which was rationalized to Kshs. 957million in the submitted supplementary estimates for the FY 2015/16 and approved at Kshs. 758million. In the approved figures, the amounts allocated for recurrent and development expenditures were Kshs. 347million and Kshs. 411million respectively. As at the end of March 2016, the Sector had spent Kshs. 227million or 65% of the revised budget for recurrent purposes and Kshs. 470million or 114% of the revised budget for development expenditures. This in effect means that the Sector budget for development even in submitted supplementary estimates at Kshs. 472million appeared insufficient. The details of the commitments for the Sector at the time of approving the supplementary estimates were not availed.

25. **Mr. Speaker Sir**, the importance of utilizing funds within a framework approved has been underscored in all parts of our laws and therefore cannot be gainsaid. The provisions of Section 116 of the PFM Act and Regulation 197 are explicit on the procedure of setting up public funds. The cornerstone of these guidelines revolve around two key actors namely the County Executive Committee Member for Finance and the County Assembly as operatives who must give the nod to any attempt to set up a fund. However, the Budget Committee during the dissemination of the Sectoral Committee reports on their consideration of the budget estimates was shocked to learn that the Trade Sector has been issuing revolving funds to SMEs and chamas without any reference to this House or the County Executive Committee Member for Finance. This the Budget Committee notes is not only illegal but goes against the very efforts we have put in place over the last three financial years to ensure there is fiscal discipline and prudent management of public

resources. The Budget Committee will be making necessary recommendations on some of these expenditures in order to align them not only to the underpinning law but also to ensure they are in tandem with any budgeting practice.

V. Culture and Community Services Committee

- i. That allocation for rehabilitation of Dandora 3 social hall and equipping be scrapped off the budget and replaced with the building of Mathare North Social hall;
- ii. That allocation of Kshs. 25million for equipping Pumwani social hall be scrapped off the budget and replaced with the face lifting of Karen social hall;
- iii. That the budget committee rationalizes Education sector budget to provide Kshs. 35 million for cultural programmes as per the CFSP resolution. The monies will be used to decentralize cultural activities in sub-counties;
- iv. That out of the Kshs. 30 million allocated for Culture and Social Services capital projects, Kshs 5 million be added to the 35 million allocated for cultural activities in sub-counties;
- v. That Out of Kshs. 130 million allocated for Culture and Social Services capital projects, Kshs. 5 million be added to Kshs. 35 million allocated for cultural activities, adding up to Kshs.40 million; and
- vi. That the Budget and Appropriations Committee in their rationalization of the overall budget, allocates Kshs. 50 million for construction of one fire station as approved in the CFSP

General Observations of the Budget and Appropriations Committee on the Department under the Sectoral Committee on Culture and Community Services

26. Mr. Speaker Sir, over the last two financial years this Assembly has resolved that the County Executive prioritizes the construction of fire stations in areas that are in dire need of such emergency services. In the

FY 2014/15, there was a decree that the County ups it sleeves for the assignment but the same was not done due to issues which the Executive explained had more to do with the revenue inflows. This commitment was once again carried in the budget estimates for the FY 2015/16 and indeed the County Fiscal Strategy Paper (CFSP) for the FY 2016/17 that was adopted by this Assembly just a while ago. However, as has become a tradition, the allocation for construction of the fire station which had a budget ceiling of Kshs. 50 million in the CFSP was not brought forward to the budget estimates for the FY 2016/17. The Committee is of the view that the stations should be set up without any delays in the coming financial year. It is still the resolution of the Committee that the fire stations should be constructed in areas that are in dire need of such emergency services and which have not benefited before.

27. The reason for the introduction of the County Integrated Development Plan as a document that forms part of the budget process is to ensure that the County's development agenda is predictable, harmonized and equitable. It was therefore the expectation of the formulators of the law that as much as possible the policy makers would be alive to the needs of the various segments of the population while allocating funds for development projects. The Committee was in this regard unamused by the Sector's desire to allocate funds for construction of new social halls yet some of the existing ones are in very bad state. It has also been the view of the Committee that any plans to rehabilitate or construct social halls should be undertaken with complete cognizance of the needs and heterogeneity of the County.

VI. Labour and Social Welfare Committee

- i. That the budgets for the County Public Service Board and Public Service Management be approved as in the printed estimates for the FY 2016/17;
- ii. That the budget under the Public Service Management be aligned with the CFSP resolution as follows:

- Kshs. 50million allocated for culture change programme be knocked off the budget;
 - Kshs. 5million allocated for corruption eradication be knocked off the budget;
 - Kshs. 40million be allocated for Integrate Human Resource Information System;
 - Kshs. 10million be allocated for construction of customer care centre;
 - Kshs. 5million be allocated for acquisition of ICT platform for employee engagement; and
 - Kshs. 5million be allocated for equipping of the HR Centre.
- iii. That under Sports and Social Services the following amendments be affected in the development projects allocations:
- The Kshs. 5million allocation for rehabilitation of Toyoyo Sports Ground (Ofafa Maringo) be scrapped off the budget;
 - The Kshs. 5million allocation for rehabilitation of Sports Ground be scrapped off the budget;
 - The Kshs. 5million allocation for rehabilitation of Mihango Sports Ground;
 - The Kshs. 5million allocation for rehabilitation of Tena Sports Ground be reduced by Kshs. 2million to Kshs. 3million;
 - The Kshs. 5million allocation for rehabilitation of Kawangware Sports Ground be reduced by Kshs. 2million to Kshs. 3million;
 - Kshs. 3.5million be allocated for rehabilitation of Kangemi Sports Ground;
 - Kshs. 3million be allocated for rehabilitation of Huruma Sports Ground;
 - Kshs. 3million be allocated for rehabilitation of Dandora I Sports Ground;

- Kshs. 3.5million be allocated for rehabilitation of Mathare 4A Sports Ground;
- Kshs. 3million be allocated for rehabilitation of Joseph Kang'ethe Sports Ground; and
- Kshs. 3million be allocated for rehabilitation of Mwiki Sports Ground.

General Observations of the Budget and Appropriations Committee on the Departments under the Sectoral Committee on Labour and Social Welfare

28. Mr. Speaker Sir, as we have said in this Assembly on a number of occasions, the existence of both the County Public Service Board and the Public Service Management would not be justified if the two institutions fail to come up with viable solutions on how to contain the skyrocketing County wage bill. It needs no repetition that the PFM Regulations 2015 have capped expenditure on personnel emoluments at not more than 35% of total county revenues, a figure that we have thus far surpassed. The Budget Committee has been keen to advice against wanton employments especially for areas that can be sourced from within our existing workforce. The Committee believes that internal promotions or redeployments where possible are a cheaper option compared to the numerous vacancies advertisements that various County departments continue to splash in newspapers. The Committee still reiterates the resolution of the County Assembly during the consideration of the County Fiscal Strategy Paper for the FY 2016/17 that employment be frozen and any urgent recruitments must only be based on approved budgetary provision.

29. Mr. Speaker Sir, one major concern on the budgetary allocations for this sub-sector was that it had planned to spend to the tune of Kshs. 50million for Culture Change Programmes with other substantial amounts earmarked for Corruption Eradication. The Budget Committee commends the Sectoral Committee for having been alive to the fundamentals of

program based budgeting and indeed proposed that such expenditure be knocked off the budget.

VII. Justice and Legal Affairs Committee

- i. That Estimates in the FY 2016/17 for the City Inspectorate and Investigation, Legal Affairs, ICT & E-Government and General Administration Sector be retained as in the printed budget estimates

General Observations of the Budget and Appropriations Committee on the Departments under the Sectoral Committee on Justice and Legal Affairs

30. Mr. Speaker Sir, the import of the Legal Department in this County is akin to how effective it can be able to enable us come out victorious on the various litigations that we face in the corridors of justice. The Committee during its deliberations of these budget estimates and specifically on the requested amounts by the Legal Affairs Department, was hard pressed to quantify its outputs and key performance indicators. The Committee was once again reminded how the County has continued to lose court cases despite a growing Legal Affairs budget and ballooning pending bill for litigations. The Members may also be aware that allegations have been raised that there have been cases of induced litigations by those who allegedly conspire to defraud the County Government. The Committee has pressed on the Sectoral Committee to follow up with the Department to ensure that it becomes more successful in the courtrooms.

VIII. Transport and Public Works Committee

- A. That the budget for Transport, Roads and Public Works Sector be reallocated as in the table below to provide Kshs. 425 million for maintenance of roads in the wards and Kshs. 5 million for persons living with disabilities transport access facilities.

BUDGET SUMMARY		
DEVELOPMENT	COMMITTEE RECOMMENDED BUDGET FY2016/17	PROPOSED BUDGET FY2016/17
ROADS		
ROADS,DRAINAGE,BRIDGE & CONSTRUCTIONS AND MAINTENANCE	KSHS	KSHS
ROADS & DRAINAGES WIP 2013/14	34,396,806.00	347,300,000.00
ROADS & DRAINAGES WIP 2014/15	651,630,370.00	1,050,370,000.00
ROADS & DRAINAGES WIP 2015/16	1,230,800,000.00	1,347,800,000.00
ROADS & DRAINAGE CITY WIDE	430,000,000.00	
COMPLETION OF OTHER ROADS	679,000,000.00	
ROADS & DRAINAGE MAINTENANCE MATERIALS 2016/17	506,931,943.00	426,881,943.00
CONSTRUCTION OF BRIDGES AND MAINTENANCE WIP 2013/14	4,871,365.48	30,939,000.00
CONSTRUCTION OF BRIDGES AND MAINTENANCE WIP 2014/15	101,722,316.00	105,700,000.00
ROAD SAFETY INTERVENTIONS		
TRANSPORT FACILITIES AND TRAFFIC MANAGEMENT		
NMT 2013/14	44,473,723.00	269,500,000.00
TRAFFIC MANAGEMENT 2013/14	1,440,423.00	21,200,000.00
TRAFFIC MANAGEMENT 2014/15	44,071,496.00	112,000,000.00
INSTITUTIONAL BUILDINGS AND MAINTENANCE		
STREETLIGHTING INSTALLATION WIP 2013/14		54,597,500.00
STREETLIGHTING INSTALLATION WIP 2015/16	198,946,917.00	198,946,916.48
STREET LIGHTING MAINTENANCE		

MATERIALS	437,064,655.00	400,114,655.00
STREETLIGHTING MAINTENANCE EQUIPMENT	117,650,000.00	117,650,000.00
PLANTS & EQUIPMENT		
ROADS & DRAINAGE MAINTENANCE EQUIPMENTS (RMF)	215,000,000.00	215,000,000.00
PURCHASE OF MOTOR VEHICLE & EQUIPMENT	-	-
SUPPLY, DELIVERY & INSTALLATION OF ASPHALT PLANT	98,000,000.00	98,000,000.00
CONSTRUCTION OF PERIMETER FENCE HIGHWAY ROADS DEPOT	60,000,000.00	60,000,000.00
TOTAL	4,856,000,014.48	4,856,000,014.48

General Observations of the Budget and Appropriations Committee on the Transport and Public Works Sector

31. Mr. Speaker this Sector as is the case with most sectors has blamed the Procurement department for slow pace of rolling out of development projects. Whereas the Committee sometimes believes that the concerns are genuine, the Committee noted that most of the Sectors were using the issue of procurement delays as a scapegoat for their lackluster performance. It is important to once again remind Members that most if not all of the Chief Officers and various Section Heads sit in Procurement and Tender Committees which are part and parcel of any procurement process. It is hence the view of the Budget Committee that any procurement lags is a burden that should be carried by all those responsible and must not be used as an excuse for intrinsic departmental failures.

IX. Water and Sanitation Committee

- i.** That given the concern that some projects, for instance, Dandora, Njiru and Kayole sewers as well as rehabilitation of Nairobi river and

dam have been recurring in the sector budgets, the sector needs to utilize the allocation for 2016/17 budget to ensure that the said projects are completed in the next financial year to give chance to the sector to embark on new projects.

X. Children, Early Childhood Education and Vocational Training Committee

- i. That the sector needs to adhere to the approved CFSP and align the budget to the MTEF requirement by providing 3 year rolling budget for Sector plans. This is to ensure that long term projects are fully budgeted for;
- ii. Kshs.40million allocation for construction of model vocational training center at Muslim Primary School be scrapped off the budget as per the CFSP resolutions;
- iii. Kshs.20million allocation for purchase of didactic materials/equipment/furniture for ECDE centers be reduced by Kshs.5million as per the CFSP resolution; and
- iv. The following projects be implemented by the Sector within the budgetary allocations of Kshs. 230million provided for the FY 2016/17:
 - Kshs.20Million for rehabilitation of Kangemi Youth Polytechnic;
 - Kshs. 15Million for purchase of didactic materials/equipment/furniture for ECDE centers;
 - Kshs. 30Million for Rehabilitation of existing ECDE Centers;
 - Kshs. 120Million for Construction of 40N0. New ECDE center;
 - Kshs. 10Million for Purchase of Equipment for vocational training centers;
 - Kshs.5Million for renovation of One Stop Youth Centre; and
 - The Kshs.30Million allocation for construction of model Vocational Training Center at Muslim Primary School that was

reallocated for rehabilitation of CGHU Nursery be now allotted to the following projects;

- a) 15Million for Rehabilitation of ECD Centers at Laini Saba Primary School;
- b) 5Million for Rehabilitation of ECD Centers at Umoja 1 Day Nursery;
- c) 5Million for Rehabilitation of ECD Centers at Kamiti Prison Primary School; and
- d) 5Million for Construction of an ablution block for ECD Centers at Githurai Primary School.

General Observations of the Budget and Appropriations Committee on the Sector under the Sectoral Committee on Children, Early Childhood Education and Vocational Training

32. Mr. Speaker Sir, the functions of the County Government are assigned by the fourth schedule of the Constitution of Kenya 2010 which among others gives us the nod to take charge of early childhood education and vocational training. The provisions of supreme law have done well to clearly demarcate the roles of the two levels of government in ensuring that the literacy levels of Nairobi population improve from the 87.1% in 2013(Kenya National Adult Literacy Survey Report). However, the Budget Committee continues to wonder why the Sector has been eager to allocate funds for rehabilitation and construction of primary schools. The Fourth Schedule has not granted the County Government powers to manage and more so allocate funds to the running of primary schools. The provision of Article 187 (2) of the Constitution is explicit that transfer of functions from one level of government to the other should be accompanied with commensurate amounts of resources. During these deliberations, the Budget Committee was informed by the Sector that it had not finalized the Memorandum of Understanding with the national government on the funding by the national government. The Committee therefore recommends

that the Sector moves with speed and finalize the signing of the MoU as a binding basis for management and funding of primary schools by the County Government.

33. Mr. Speaker Sir, the Budget Committee was informed during the consideration of the County Fiscal Strategy Paper that there were disputes surrounding the ownership of Muslim Primary School. It was based on this understanding that the Committee recommended to this County Assembly that the allocation for the school be scrapped off the budget and reallocated as had been proposed by the Sectoral Committee. However, during the consideration of these estimates, the Sector officials submitted that the dispute had been resolved. It is based on these developments that the Committee would be recommending that the resolution adopted in the CFSP be rescinded and the amounts set aside for the school be maintained as in the printed estimates.

34. Mr. Speaker Sir, as you may be aware, the Budget and Appropriations Committee also acts as a Sectoral Committee with the initial mandate of reviewing the estimates of various departments including Finance, Administration and Economic Planning, Specific departments under the Governor's Office, County Executive and the County Assembly. The Committee would wish to inform the house that this was adequately done and the various accounting officers from these sectors given the chance to defend their respective budgets and the recommendations on the sectors are indeed part of this report.

E. Summary of Key Issues Arising From Public Hearings

Mr. Speaker Sir, the provisions of Article 221 (5) of the Constitution and Section 131 (2) of the PFM Act, 2012 require that the Committee in finalizing its recommendations on the budget estimates to the Assembly shall take into account the views of the public in the proposed recommendations. On the 31st

of May 2016, the Committee held its public consultations where individual Members of the public and organized groups made very important submissions to the Budget Committee on the thematic areas under the domain of the County government which have to a great extent swayed the Budget Committee in its recommendations. In summary, the public made the following submissions:

- i. **Allocate funds to improve water supply in Mihango Ward:** The public called upon the County Assembly to allocate funds to enable access to clean and consistent water supply in Mihango;
- ii. **Make an allocation to provide flood lights/security lights Mihango Ward:** The public pleaded with the County to set up lights in Mihango area where they reported had total darkness;
- iii. **Allocate funds to develop play ground in Mihango:** The public of Mihango requested the County to surrender 6 acres of land in Karagita so that the children can get a playground;
- iv. **Allocate funds to build and renovate tarmac roads in Kariakor:** The residents of Kariakor estate pleaded that feeder roads should be built through Quarry road and Jaira Owino Street at Ziwani shopping centre to link them to the main roads;
- v. **Make an allocation to complete Kariakor estate wall and equip the estate with washroom facilities.**
- vi. **Dig a borehole in Kariakor estate:** The residents expressed a need for borehole to provide water during shortages;
- vii. **Allocate funds for youth polytechnic:** The public insisted that the County government should allocate funds to build polytechnics in the County;
- viii. **The county should do away with garbage dump sites or provide garbage collection bins for collection and disposal of garbage in Kariakor Estate;**
- ix. **Allocate a portion of the Ward Development Fund for youth and talent resource centres in Kibra:** The public submitted that out of the Kshs.19 million for WDF, an approximate of Kshs.6 Million should be

used to build talent resource centres to empower the youth in the four wards of Kibra;

- x. **Allocate funds to train the youth in Fire and Disaster management and for construction of a sub fire station equipped with a mini fire truck in Kibra:** The public requested for 10 youth residents to be trained on disaster management and for a sub fire station to be made available in the wards;
- xi. **Allocate funds for sanitation blocks in Olympic stage and Laini Saba ground:** The public demanded for the construction of standard public sanitation blocks in their areas to reduce the health issues arising from poor environmental conditions;
- xii. **Unpack the budget details for transparency:** The public called upon the Committee and the County Treasury to include explanatory notes on details of the projects to be undertaken so as to be clear and indicate areas of priority;
- xiii. **Make an allocation to provide flood lights/security lights in Buruburu phase 3:** The public reported that the main highway had been missing lights causing residents to be mugged often;
- xiv. **Rehabilitate tarmac roads in Buruburu phase 3.** The public of buruburu emphasized the need for their roads to be rehabilitated;
- xv. **Collect Garbage in Buruburu phase 3:** The residents of Buruburu were concerned about the increasing garbage lying around in the area and requested the county government to collect the garbage;
- xvi. **Construct a strong drainage system in Pangani:** The residents of Pangani expressed need for a drainage system along Fig Tree Trade Centre in Ngara Ward and along pangani Northview Road and Makonge road in Pangani Ward;
- xvii. **Construct kolobot road in Ngara Ward, pamba road and repair of north view road in Pangani;**
- xviii. **Allocate funds to construct an Early Childhood Development Centre in Pangani Estate;**

- xix. **Ensure reliable water supply in Pangani Ward:** There is unreliable water supply along konge lane and zambarau lane and areas around missions of hope international in pangani ward;
- xx. **Equip Ngara health centre and Pangani dispensary:** The health centres need more medical supplies and laboratory equipment and professionals in the facilities;
- xxi. **Allocation for budget to public health care clinics in Ngara and Pangani for treatment of street children for free:** The public has expressed that street children need to be budgeted for by the county government;
- xxii. **Allocate funds in the budget for social service to train parents living in poverty so that they can be able to depend on themselves:** This is an excellent way to prevent breakup of families and reduce street families;
- xxiii. **Allocate budget to CSOs so that they may be able to facilitate advocacy for child rights and child protection:** since CSOs are crucial actors in child rights development and Advocacy in Kenya;
- xxiv. **Allocate funds to build proper water kiosks to supply clean water:** During water shortages there are chaps who pop up selling water in Jeri cans, the public appeal to the County Government to provide clean water for residents;
- xxv. **Allocate finances in the budget for Repair of high view phase 1 Estate road:** Rehabilitate the phase 1 estate road as confirmed by the County Chief Officer for Roads, Public Works and Transport;
- xxvi. **Install street lights in areas bordering Mathare:** especially along Muratina Street, Pamba road, Bustani lane and Zambarau Lane;
- xxvii. **Allocate for Lighting along the streets and getting to form court system in Dandora ward 3:** Security lights are requested by the public of Dandora to improve security in the area;
- xxviii. **Construct two shelter houses in Ngara:** This will house street children from the CBD, Ngara and Pangani;

- xxix. **Allocate for better health facilities in Dandora ward 3:** The residents echoed a need for more doctors, facilities and adequate distribution of medicine;
- xxx. **Provide medicine at kariobangi north dispensary and construct and equip a maternity wing:** The residents of Kariobangi north requested for a maternity wing to be included in the dispensary and adequate drugs to be provided;
- xxxi. **Provide an Explanation for increase and reduction of allocations in the budget as compared to the previous Financial year:** The public does not understand why different allocations have been increased, they therefore require explanations for when the budget estimates have been changed for transparency reasons;
- xxxii. **Allocate for a designated area for collection of waste and expansion of the drainage system in Kariobangi;**
- xxxiii. **Allocate funds to Rehabilitate and expand social halls and playing fields in Kariobangi North and south:** The social halls in the ward are in bad condition;
- xxxiv. **Improve solid waste management through regular garbage collection:** The residents would like to avoid pile along Juja road, Pamba road, and Baridi lane within Pangani estate;
- xxxv. **Link Macro economic issues to the budget:** The budget does not clarify weather macro-economic issues such as inflation and interest rates have been factored in;
- xxxvi. **Correct inconsistencies in the budget:** Numbers do not match and are inconsistent across the budget line in different tables on different documents. Arithmetic and typographical errors need to be corrected;
- xxxvii. **Allocate funds for the elderly persons in Nairobi slums;**
- xxxviii. **Allocate more funds for development expenditure:** The public is concerned that monies are allocated to recurrent expenditure budget and not development budgets;

- xxxix. **Include a comparative analysis in the summary document:** The public requested that the actual figures for the previous year should be included for easy review of the document;
- xl. **Ensure Grants comply with the conditions of section 47 and 48 of the Public Finance Management Act before being incorporated into the budget:** All World Bank donations need to have been committed and approved for issue by the donor agency before they can be reflected on the County budget;
- xli. **Incorporate human resource costs in the programme based budget:** The public noted that all government objectives require at least some personnel to achieve therefore the costs should be incorporated;
- xlii. **Allocate for construction and re-construction of the following roads in Dandora:** Round about highway road John Osogo road(41) ,Power-line phase 4 ,Uprising and completion of Awendo road;
- xlili. **Complete Dandora stadium construction:** NCC Should set aside funds for the construction of walls and completion of the stadium which would help in residence;
- xliv. **Introduce at least 10 litter bins per ward:** The public of Dandora are suffering ailments where many were infected with cholera in Gitari Marigu C1 in march because of this they asked the county to set aside some funds which would help in residence education on how to keep the environment clean;
- xlv. **Construct, re-classify and light the following roads in Uthuru-ruthimitu ward:** road joining Mukiri road and Kagondo road(1km), road joining muchene and Kiuru sub-location (1km) and the road joining Kagondo-Kagira-Rithimitu-Gachui link road (2km);
- xlvi. **Purchase plot for development in Uthiru:** The residents of uthiru requested the county to purchase a plot to build ECD centre, Vocational Training Centre and the ward administrator offices;
- xlvii. **Construct a drainage at the Bridge International School:** the road next to ILRI and on the Kiuru road between St. Paul ACK church and Kiuru Calvary Temple Church;

- xlviii. Indicate how much of the development budget is funded by county and how much is funded by donors:** The public noted inconsistencies in the budget and hence not clear how much is funded by donors or the county;
- xlix. Indicate whether or how the County is contributing to the national budget and donor funds:** It is important to indicate whether the County is offering supplementary support to the National budget;
- 1. Differentiate between the budget lines of the county and those of the national government:** The public noted that some of the budget lines are indicated in both the National and County budget, there is need for clarification;
 - li. Develop a sequential serial code for every line item including sub totals and grand totals:** This should be done so that the items are noted with relevant codes. The items should be coded sequentially to be easily related to each other;
 - lii. Provide an addendum of salaries and other staff costs:** this is to rule out the aspect of passing a budget which may possibly contain room for ghost workers;
 - liii. Explain the role of casual labourers:** The public requested an explanation of why casual labourers are hired when staff has been employed according to requirements and job descriptions;
 - liv. Engage professionals at the early stages of development and consult the industry professionals in various departmental budgets:** The public urged the County assembly to engage professionals at early stages in order to develop a comprehensive budget;
 - lv. Give allocation of funds for quarterly reviews:** The county assembly should give allocations for both internal and external monitoring and evaluation of the budget;
 - lvi. Create a sub county youth & marginalized groups SWM employment program in Embakasi sub-county:** The budget fails to meet targets in CIDP and CFSP in creation of jobs. The public proposed that the budget

for casual labourers and contracted cleaning services from 90,000,000 and 804,951,622 to 45 million and 350 million respectively;

- lvii. **Provision for Public participation funding in the FY 2016/17 budget:** There has been disconnects between the County priorities and those of the public, the budget should therefore explicitly provide for public participation;
- lviii. **Reduce the budget for the respective sectors to match their envisioned output;**
- lix. **Justify the increase in the county's recurrent expenditure at the expense of development spending:** The public noted that areas such as hospitality and travel exceed the yearly spending on priority areas of street lights, equipping maternity theatres and maintenance of roads;
- lx. **Allocate for construction and equipping of new health centres in Komarock and Matopeni/spring valley wards centre:** The public of komarock brought to light the lack of health centres in the area;
- lxi. **Allocate funds to construct PH 3-naivas Komarock feeder road:** passing by Komarock primary school/ Kanisani stage;
- lxii. **Indicate specific timelines for updating the Valuation roll out and for its completion:** The public requests for specific timelines on valuation to enhance local revenue collection;
- lxiii. **Stop expenditure at source:** The public noted persistent lack of reporting on collections made on behalf of the Nairobi County, all funds should be remitted to the county revenue fund;
- lxiv. **Allocate funds to rehabilitate the following roads in Komarock:** Mwangaza road, inner roads connecting corner stage- bluesky-tushauriane, Sabasaba-newlight schools -Coop bank stage;
- lxv. **Publish the county assets:** for discussion with both the county budget and economic forum and the county assembly. Currently it is not known to the public the status of the assets held by the county;
- lxvi. **Give details on the debt position of the County:** The public requests that the County debt management strategy paper gives details on the debt position including who, what, for and time of accruing the debt;

- lxvii. **Clarification from the clerk on the composition of the County Assembly Service board:** The public requested composition of the CASB with respect to adherence to the CGA2012;
- lxviii. **The budget to indicate how it plans to enforce the code of conduct:** The public notes that the County Assembly makes no indication on how it plans to enforce the code;
- lxix. **Allocate more funds to Education:** The public asserted that Education is a priority sector receiving less allocation compared to other sectors, they requested funds to upgrade local schools, training colleges and youth polytechnic;
- lxx. **Allocate funds for County Budget Economic Forum:** This forum plays an important role in convening collective public views on various county views;
- lxxi. **Retain programs for FY 2016/17 to be as those of 2015/16:** The public requested that the programmes be retained as changes makes comparison difficult;
- lxxii. **Restore focus to curative health:** The public insists that more funds should be allocated to curative health to ensure the hospitals operate efficiently;
- lxxiii. **Show targets for all development projects:** For accountability and transparency reasons the public urged the government to show the targets and progress for all development projects;
- lxxiv. **Provide a program based narrative that links to the program objectives:** The public noted that the 2016/2017 narrative is entirely backward looking and has nothing to say about going forward;
- lxxv. **Provide sector specific information about targeted programs:** The public really want to hear more about Health, Education, Public Works and Transport. The citizen budget should provide useful sector specific information about policy and planning priorities including benchmarks;
- lxxvi. **Include glossary of useful budget terminology:** It would be useful to the public for the budget to include a glossary of commonly used budget terms that may not be easily known to them;

- lxxvii. **Issue an early notice to conduct public hearings:** The public pleaded that the County Assembly should give at least a two weeks' notice and provide details on ways to reach marginalised communities for the public to prepare their Memoranda so that their views can be considered;
- lxxviii. **Allocate a considerable amount to facilitate Citizens engagement with the county public service board:** The public would like to be involved in the process of monitoring the performance of the county government across all sectors to ensure their involvement in the implementation process;
- lxxix. **Include WDF funded projects in the budget estimates for Lower savannah:** A list of projects funded by WDF should be included so as to enable the public to know which projects will be implemented in their specific wards;
- lxxx. **Allocate for construction of ECDE and any other related development in lower savannah:** The residents of Lower savannah would like clarity on how much is allocated for ECDE and development in their ward;
- lxxxi. **The WDF should be used to construct accessible facilities for children with disabilities:** such as ablution blocks, ramps and paths. It should as well build more ECD centres as well as employ more ECD teachers;
- lxxxii. **Allocate funding Allocate kshs.10, 000,000 (other infrastructure and civil works) for speed calming features especially around schools:** The public requested for the county to include including rumble strips, speed bumps, signage (30km speed limit signs) and Zebra Crossing;
- lxxxiii. **Provide the public with access to health facilities:** The public urged the county to ensure there is adequate personnel and drugs in the hospital;
- lxxxiv. **Allocate finances for child participation from the grass root levels:** Ward level up to the county level;

- lxxxv. **Reduce the allocation for Beautification of Governors Office:** The public was disappointed that the governor's office has been allocated so much money while there are more urgent needs in the county;
- lxxxvi. **Enforce building standards in Kariobangi South riverbank:** There is poor storm water management and haphazard buildings in Kariobangi and the residents have expressed a need for the building standards to be enforced;
- lxxxvii. **Allocation finances to tarmac the market roads in Dagoretti north:** The market roads from Naivasha road to Gitanga road which passes through the Kawangware Shopping Centre are in bad condition;
- lxxxviii. **Allocate funds to rebuild the Kawangware shopping center and Put up a public notice board at the centre:** The public proposed that the shopping centre be rebuilt on Plot No. T355;
- lxxxix. **Set aside funds for construction and expansion of new markets with all amenities in Matopeni/ spring valley ward:** The public requires for markets to be constructed in wards with all the necessary amenities;
- xc. **Allocate funds to Construct *jua kali* sheds in the 5 wards in Embakasi sub-county:** The public requires for *jua kali* sheds to be constructed in the wards as currently there is none;
- xci. **Set aside funds to Rehabilitate and expand social halls and playing fields in Dandora:** The social halls in Dandora are in bad condition, the residents have asked for consideration of their rehabilitation;
- xcii. **Allocate funds to ensure proper disposal of solid waste products and construction of proper drainage systems in Embakasi south and central:** The residents of Embakasi expressed concern that majority of residents in low income and informal settlements are characterised by poor garbage collection, blocked and overflowing sewers and illegal dumping that is blocking roads and posing a health hazard to residents;
- xciii. **Designate more agricultural extension officers to each ward;**
- xciv. **Establish a drainage system, murrum and name access roads, construct a bridge to link Kosovo and mbatini and construct a community hall in Mathare;**

- xcv. **Indicate in the budget an equitable distribution of resources for every sub county:** The public requires a detailed explanation on the budget indicating equitable distribution of resources across the wards in the county;
- xcvi. **Change the Item of provision for coffins in the budget to Funeral services/Benevolent funds:** The public is concerned that the County Assembly budgets for death while it does not plan for the physically challenged;
- xcvii. **Construct ward offices in the sub counties:** The public demanded for construction of ward offices from where they can identify and follow up with developments being made in the sub counties;
- xcviii. **Highlight the street families program:** The public acknowledged the increase of street families in the CBD, this program should be highlighted to bring back their welfare;
- xcix. **Budget for people with special needs:** The public pleaded with the County Assembly to budget for people with special needs and disability;
- c. **Provide medical cover for residents who are directly affected by dumpsites:** Due to the health hazard caused by dumpsites the public requires for 75% of the revenue to provide medical cover for residents in Dandora;
- ci. **Build modern kiosks in Dagoretti north to collect revenue for the county:** The public is of the opinion that the county should build kiosks to collect revenue rather than facilitate the cartel groups that collects millions of cash from Naivasha road through the centre to Kitanga road;
- cii. **Allocate funds to dig borehole in Dagoretti North and Kawangware:** The public urged the County government to build boreholes to provide water for locals at plot No.T327 for the youth to have self employment;
- ciii. **Provide a hand washing facility with liquid soap dispenser in every school:** The public would like for the County to equip children with basic knowledge of good hygiene practices at school and at home and provide hand washing facilities at the schools;

- civ. **Address perennial water shortage in Utawala:** The public of Utawala requested that the County caters to their need for water in the area and those affected areas;
- cv. **Construct roads in the following places in Utawala:** Aviation road through Mradi estate in Utawala ward Embakasi, extension to Deska/Telaviv, Fedha, Mradi road next to National oil and Utawala shopping centre -Ring road whose set completion date was April 12th 2016. The residents complain that as it stands the roads are a health and security hazard;
- cvi. **Press for commitment of Nairobi water to rehabilitate and expand its Sewerage network in Utawala ward and ensure affordable waste disposal:** The sewerage network in Utawala is insufficient as it stands, the residents would like the sewerages to be fixed and expanded for proper drainage;
- cvii. **Allocate a yard for relocation of the Outering Road mechanics:** The mechanics are currently affected by road construction. The residents request setting aside and designating Embakasi Utawala motor repair markets.
- cviii. **Officially Tour Wards to assess the development needs of the people and inspect ongoing projects:** The public believes that if the County Government made frequent visits to the areas they would prioritize their needs;
- cix. **Revise requirements to acquire Garbage collection licences:** The public views that the existing model only favours existing contractors yet the youth need such opportunities and can manage the existing problem of illegal dumping by contractors;
- cx. **Revise downwards the budget for sitting allowances and travel expenses:** The public view the amounts in the budget for sitting allowances and travel as too much;
- cxi. **Revise upwards the budget figures for youth and women:** The public was concerned that the allocation for Youth groups and Women was significantly small compared to the population;

- cxii. **Exclude World Bank funds from the development appropriation by the county:** The public disagrees with the decision to put World Bank funds under development revenue;
- cxiii. **Organise for public participation for each sector at the ward level:** The public requested to be able to participate in sectorial review of the budget at the ward level to better influence the budget appropriations;
- cxiv. **Budget for orphans:** The public advocated for orphans to be factored in the County's budget to ensure that they are cared for;
- cxv. **Return the Control of the county's water supply to the County from Nairobi Water and Sewerage Company:** The public complained about the mismanaged water supply, citing their lack of responsiveness to water issues including broken taps and pipes that take too long to be fixed hence wastage yet people cannot get access to water in other areas;
- cxvi. **Refrain from use of Dandora dumping site as soon as possible:** The residents requested that the use of Dandora dumping site be stopped as it has caused many people to die as a result of the health hazard posed by the dumpsite;
- cxvii. **Collect garbage from Kawangware Primary area in Kawangware central:** The residents complained of garbage that is all over the area affecting primary schools;
- cxviii. **Allocate for Disaster management in lower savannah ward in East and central Embakasi:** The residents showed concern for the floods during the heavy rainy season from Ngong river and fire incidences that require to be managed.

F. Recommendations:

35. Mr. Speaker, as has been canvassed, the budget estimates had a number of shortcomings that may need to be addressed. The remainder of this report should hence be construed as an amendment on the submitted budget for the financial year 2016/17 with an aim of ensuring that ,where

possible, we live within the sector ceilings provided in the amended County Fiscal Strategy Paper while taking into account the recommendations of the Sectors, Sectoral Committees and the public:

a) Policy Measures

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

- i. That given the ambitious revenue figures, the County Executive Committee Member for Finance should come with robust revenue raising measures to ensure the targets are achieved;
- ii. That the County Executive Committee Member for Finance should submit to this Assembly details of unspent balances for the FY 2015/16 for re-appropriation not later than 30th July 2016;
- iii. That the incomplete projects for the FYs 2013/14, 2014/15 and 2015/16 be prioritized before any new projects are budgeted for in the FY 2016/17;
- iv. That in compliance with the provisions of Regulation 111, the County Treasury shall include in these budget estimates the expenditures for the County Revenue Fund Services;
- v. That in addition to the revenue and expenditure performance submitted by the County Treasury in the quarterly expenditure reports, the County Treasury shall henceforth submit reports detailing non-financial performance of the County budget;
- vi. To ensure that the County Assembly monitors the status of revenue collection, the County Treasury must avail to the Assembly not later than the 10th of the subsequent month, a report together with the bank statements of all the bank accounts maintained by the County Treasury in the previous month indicating how much money has been received by the County Treasury from local sources and how much has been swept into the County Revenue Fund;

- vii. That the County Treasury submits to the Assembly not later than 30th July 2016, the status report on pending bills and measures initiated by the County on clearing the bills and any other accrued debts;
- viii. That the County submits to the County Assembly quarterly reports on how it has been implementing the fiscal responsibility principles approved in the County Fiscal Strategy Paper;
- ix. That all Sectoral Committees shall ensure that the budget for the various Sectors is implemented as approved; and
- x. That, and in compliance with the provisions of Regulation 35 of the PFM (County Government) Regulations 2015, the County Treasury shall submit to this Assembly an Appropriations Bill that contains votes and programs of the financial year.

b) Alignment of the Budget to the County Fiscal Strategy Paper for the FY 2016/17

37. Mr. Speaker Sir, the provisions of Regulations decree that the approved County Fiscal Strategy Paper shall form the basis for the budget estimates. This in effect implies that for expenditure items where the County Assembly approved programmes for implementation in the coming financial year, the County Treasury and indeed all Sectors must ensure that the projects are implemented as approved without any alterations whatsoever. This section therefore is aimed at taking the budget back to the baseline which is the CFSP for the FY 2016/17:

- a) That under the Urban Planning and Lands Sector
 - i. The estimates in the FY 2016/2017 for the Urban planning and Lands sector be retained at Kshs.753 million of which Kshs.318 million is for recurrent expenditure while Kshs.435 million is for capital expenditure.
 - ii. All projects that were approved in the CFSP and were left out in the tabled estimates should be re-introduced in the budget for the FY 2016/2017 as follows:

- Installment and upgrade of ICT supported services allocated Kshs. 31million;
- Implementation of a web-based physical address system allocated Kshs. 50million;
- Sustainable energy & climate change action plan allocated Kshs. 5million;
- Renovation of planning/compliance of city hall planning offices be allocated Kshs. 5 million;
- Refurbishment of UDD offices and development control registry be allocated Kshs. 10million;
- Refurbishment of survey offices be allocated Kshs. 12 million;
- Purchase of survey equipment be allocated Kshs. 12million;
- Acquisition of site vehicles be allocated Kshs. 15million;
- Refurbishment of city hall valuation offices be allocated Kshs. 10 million; and
- Establishment of GIS based valuation roll be allocated Kshs. 20 million.

iii. All projects whose allocations in the tabled estimates were above the figures approved in the CFSP should be re-adjusted to conform to the approved CFSP ceilings as follows;

- That the allocation for development of integrated District plans for the city (Divide the city in approximately 9 Districts) be reduced from Kshs.130 million to Kshs.30million;

- That the allocation for development of 4 public spaces (3 in Eastlands & 1 at Aga Khan Walk) be reduced from Kshs.70 million to Kshs.25million; and
 - That the allocation for survey of county land and other lands be reduced from Kshs.20 million to Kshs.10million.
- iv. The following new projects included in the tabled estimates and defended by the sector but are still within the approved overall ceiling for the sector be included in the budget for FY 2016/2017:
- Regularization of unauthorized developments be allocated Kshs.60 million; and
 - Planning Compliance and enforcement on buildings (to hire equipment, sensitization, security, vehicles etc.) be allocated Kshs. 55million.
- v. The following projects contained in the tabled estimates be implemented since they are within the approved ceilings:
- Regularization of county and other lands be allocated Kshs.10million;
 - GIS development and expansion be allocated Kshs.50million; and
 - Registration of the leases be allocated Kshs.20million.
- b) That under the Urban Renewal and Housing Sector
- i. That the estimates in FY 2016/2017 for the Urban Renewal and Housing Sector be retained at Kshs.398 million of which Kshs.210 million is for recurrent expenditure while Kshs.188 million is for capital expenditure.
 - ii. That the following projects be implemented under the capital expenditure (development vote):
 - Rental Housing Maintenance be allocated Kshs.60 million;

- Housing Policy formulation be allocated Kshs.10 million;
- Community development be allocated Kshs. 5 million;
- Mortgage Collection System Development be allocated Kshs. 5 million;
- Urban Renewal be allocated Kshs.68 million;
- Building services (systems) be allocated Kshs. 30 million;
- Building services (renovation) be allocated Kshs. 10 million.

c) That under the Trade, Tourism and Cooperatives Sectors:

- i. Kshs. 50 million be allocated for development of modern kiosks/ juakali sheds in the 85 wards of the Nairobi City County as per the CFSP resolution; and
- ii. The amounts from the following votes be deducted and be transferred to the development of modern kiosks;
 - Kshs. 35million allocated to tourism development for advertisement, awareness and publicity campaigns amounting be reduced by Kshs. 20 million;
 - Kshs. 26.38million allocated for other operating expenses under Tourism Development be reduced by Kshs. 15million; and
 - Kshs. 26.5million allocated to Trade Development and Market Services for Market Headquarters be reduced by Kshs. 15million.

d) That under the Office of the Governor- Security, Compliance and Disaster Management

- i. Kshs. 50million be allocated in the development budget to cater for construction of one fire station as approved in the County Fiscal Strategy Paper for the FY 2016/17.

e) That the budget for the Transport, Roads and Public Works be reallocated as proposed by the Sectoral Committee on Transport and

Public Works to provide for the following projects approved in the County Fiscal Strategy Paper for the FY 2016/17:

- i. Kshs. 425million for maintenance of roads in all the 85wards at Kshs. 5million per ward; and
 - ii. Kshs. 5million for persons living with disabilities transport access facilities.
- f) That under the Education, Youth, Children, Culture, Sports and Social Services Sector:
- Kshs.30million allocation for purchase of didactic materials/equipment/furniture for ECDE centers be reduced by Kshs.15million as per the CFSP resolution; and
 - Kshs. 5million be allocated for renovation of One Stop Youth Centre as per the CFSP resolution.
- g) That the budget under the Public Service Management be adjusted as follows in line with the CFSP resolution:
- Kshs. 50million allocated for culture change programme be knocked off the budget;
 - Kshs. 5million allocated for corruption eradication be knocked off the budget;
 - Kshs. 35million be allocated for Integrate Human Resource Information System;
 - Kshs. 10million be allocated for construction of customer care centre;
 - Kshs. 5million be allocated for acquisition of ICT platform for employee engagement; and
 - Kshs. 5million be allocated for equipping of the HR Centre.

h) Proposed Adjustments and Reallocations in the 2016/17 Budget

38. Mr. Speaker Sir, as has been said the Budget Committee received presentations from Chairs of Sectoral Committees on recommendations

and proposed reallocations in the 2016/17 budget. In line with its mandate and so as to ensure that the County remains on track in delivering in the areas that are critical for the growth of the County the Committee made numerous recommendations.

- 39. Mr. Speaker Sir**, whereas the provisions of Section 131 of the PFM Act, 2012 gives the County Assembly through the Budget and Appropriations Committee the mandate to make amendments on the budget, such amendment can only be done in line with minimum parameters stated in Section 131 (3) of the Act. Section 131 (3) of the PFM Act dictate that an amendment may be made in the budget only if three conditions are satisfied, namely;
- i. It is in accordance with the resolutions adopted regarding the County Fiscal Strategy Paper;
 - ii. Any increase in expenditure in a proposed appropriation is balanced by a reduction in expenditure in another proposed appropriation; and
 - iii. Any proposed reduction in expenditure is used to reduce the deficit.
- 40. Further, Mr. Speaker** the provisions of Regulation 37 of the PFM (County Government) Regulations 2015 have set a bar for any such changes at not more than 1% of the approved Votes ceilings. Whereas the Budget Committee believes this provision is highly restrictive, it is duty bound to only operate within its boundaries nonetheless.
- 41. Mr. Speaker Sir**, it is in this regard therefore and in strict adherence to the above provisions of the law, the Budget Committee wishes to make the following adjustments in the budget. These needs were identified jointly with the Sectoral Committees, Sectors Heads and Budget and Appropriations committee. The Committee wishes to assure the Members that the views of the County Executive Committee Member for finance and the public have been taken into account as required by the law.

I. Expenditure Reallocations

- a) That the Budget Estimates for the Agriculture, Livestock Development & Fisheries Sector be reallocated to provide for the following:
- i. Under Veterinary Animal Health the Kshs. 500,000 provided for purchase of generators be reallocated towards purchase of Veterinary vaccines;
 - ii. The initial allocation of Kshs. 995,000 for Livestock resources development be reallocated to cater for training allowance;
 - iii. Under Fisheries development and management, the allocation of Kshs. 3,130,000 for purchase of agricultural machinery and equipment be scrapped off the budget and reallocated as follows:
 - Kshs. 1,000,000 to training expenses;
 - Kshs. 1,000,000 to Trade shows and exhibitions; and
 - Kshs. 1,130,000 to Purchase of Veterinary vaccines, sera under Animal Health, Quality assurance.
- b) That under the Public Health Department, the following amendments be made in the budget:
- i. That the following adjustments be made under the Curative Care Programme:
 - The allocation for Upgrade of Pumwani Nyayo Wards be reduced by Kshs. 20million to Kshs. 80million; and
 - The allocation for Construction of new complex at Kasarani be reduced by Kshs. 20million to Kshs. 40million.
 - ii. The Kshs. 40million saved from the above reductions be reallocated as follows:
 - Kshs. 10million for Construction of incinerator at Dandora II;
 - Kshs. 10million for Equipping of Embakasi Health Centre;

- Kshs. 15million for rehabilitation of Kaloleni dispensary and construction of perimeter wall; and
 - Kshs. 5million for rehabilitation of Mbotela Day Clinic.
- iii. That the Kshs. 221million allocated for upgrade of coronial services (Acquisition of land for cemetery) be scrapped off the budget and reallocated to the following projects. The County Executive Committee Member for Finance submitted to the Budget Committee that the expenditure be shelved:
- Kshs. 30million for the Nutrition Unit for the following line items:
 - Kshs. 5million to procure essential nutrition commodities;
 - Kshs. 3million for monitoring and reporting tools;
 - Kshs. 3million for procurement of anthropometric equipment;
 - Kshs. 3million for storage facilities;
 - Kshs. 6million for nutrition surveys; and
 - Kshs. 10million for training and awareness creation
 - Kshs. 10million for treatment of street children for free in Ngara and Pangani Health Centres;
 - Kshs. 10million for equipping of Ngara health centre and Pangani dispensary;
 - Kshs. 30million for rehabilitation of Nyayo Dispensary;
 - Kshs. 10million for equipping of Dandora III health facilities;
 - Kshs. 10million for construction of perimeter wall at Upendo Dispensary;
 - Kshs. 20million for construction of health facility in Matopeni/Spring Valley;
 - Kshs. 5million for construction of perimeter wall at Silanga dispensary;
 - Kshs. 5million for rehabilitation and equipping of Njiru Health facility;

- Kshs. 10million for rehabilitation of Police Band Clinic, South B;
 - Kshs. 10million for equipping of Kangemi Health Centre;
 - Kshs. 20million for construction of perimeter wall at Mama Lucy Hospital;
 - Kshs. 11.2million for equipping of Lindi Health Centre;
 - Kshs. 10million for equipping of Loco Dispensary;
 - Kshs. 10million for equipping of Tassia Health Centre;
 - Kshs. 10million for equipping of Madaraka Health Centre; and
 - Kshs. 10million for equipping of Kamiti Health Centre
- c) That under the Education, Youth, Children, Culture, Sports and Social Services Sector (Sports and Social Services) the following amendments be affected in the development projects allocations:
- i. That the allocation for various Sports Grounds be increased by Kshs. 15million to Kshs. 40million and further that the budget be adjusted as follows:
 - The Kshs. 5million allocation for rehabilitation of Toyoyo Sports Ground (Ofafa Maringo) be scrapped off the budget;
 - The Kshs. 5million allocation for rehabilitation of Mihango Sports Ground be scrapped off the budget;
 - The Kshs. 5million allocation for rehabilitation of Kibera Sports Ground (Laini Saibi) be knocked off the budget;
 - The Kshs. 5million allocation for rehabilitation of Tena Sports Ground be reduced by Kshs. 2million to Kshs. 3million;
 - The Kshs. 5million allocation for rehabilitation of Kawangware Sports Ground be reduced by Kshs. 2million to Kshs. 3million;
 - Kshs. 3.5million be allocated for rehabilitation of Kangemi Sports Ground;
 - Kshs. 3million be allocated for rehabilitation of Huruma Sports Ground;

- Kshs. 2million be allocated for rehabilitation of Baba Dogo Sports Ground;
- Kshs. 3million be allocated for rehabilitation of Kisumu Ndogo Primary School Sports Ground;
- Kshs. 3million be allocated for rehabilitation of Dandora I Sports Ground;
- Kshs. 3.5million be allocated for rehabilitation of Mathare 4A Sports Ground;
- Kshs. 3million for rehabilitation of Embakasi Sports Ground;
- Kshs. 10million be allocated for rehabilitation of Joseph Kang'ethe Sports Ground; and
- Kshs. 3million be allocated for rehabilitation of Mwiki Sports Ground.

ii. The Kshs. 125million for various Social Halls be reallocated as follows:

- The Kshs. 25million allocated for equipping of Pumwani Social Hall be reduced to Kshs. 20million;
- The Kshs. 20million allocated for rehabilitation and equipping of Dandora III Social Hall be reduced to Kshs. 10million;
- The Kshs. 75million allocated for construction of rehabilitation centre at Ruai be reduced to Kshs. 50million;
- Kshs. 10million be allocated for rehabilitation of Kabiro Social Hall;
- Kshs. 15million be allocated for face-lifting of Karen Social Hall;
- Kshs. 5million be allocated for rehabilitation of Eastleigh North Social Hall; and

- The allocation for rehabilitation of Mathare North Social be increased by Kshs. 5million to Kshs. 15million.

II. Expenditure Reductions.

Mr. Speaker Sir, the following are proposed reductions in the County expenditure:

- a) That under the Office of the Governor and Deputy Governor:
 - The Kshs. 8million allocated for landscaping of front of Governor's Office be reduced to Kshs. 2million; and
 - The Kshs. 85million allocated for procurement of vehicles for 85no. Ward Administrators be knocked off the budget.
- b) That the budget for the County Assembly Service Board be rationalized and reduced by Kshs. 33.1million (under the Salaries and Personnel Emoluments- sitting allowances for Members of the County Assembly). This is meant to ensure that the budget for the County Assembly is in tandem with the figures approved by the Senate in the County Allocation of Revenue Bill, 2016. The Clerk to the County Assembly submitted that the expenditure on sitting allowances is projected to have sub-optimal absorption rate;
- c) That under the Education, Youth, Children, Culture, Sports and Social Services Sector:
 - The allocation for General Administration and Support Services be reduced by Kshs. 15million; and
 - The allocation for construction of 40No. new ECDE centres be reduced by Kshs. 20million to Kshs. 100million
- d) That under the Trade, Tourism and Cooperatives Sector the Kshs. 30million allocated for revolving loans to SMES and Chamas be reduced to Kshs. 18million and the amounts be transferred to recurrent vote.

III. Budgetary Increases

- a) That the budget for the Transport, Roads and Public Works be increased by Kshs. 60million and that the amounts be allocated to the following projects:
 - Kshs. 50million for improvement of Tassia Roads; and
 - Kshs.10million for Baraka drainage
- b) That the allocation for Scholarships and other Educational Benefits (bursaries) under Education, Youth, Children, Culture, Sports and Social Services Sector be increased by Kshs. 41.1million or to Kshs. 256.1million.
- c) That the budget for the Environment, Water and Energy Sector be increased by Kshs. 15million and that the amount be allocated to Youth Empowerment Programme

Mr. Speaker Sir, in conclusion and pursuant to the provisions of Section 131 (1) of the Public Finance Management Act 2012 and Standing Order 207 (6) the County Budget and Appropriation Committee recommends that:

This County Assembly adopts the Report of the Budget and Appropriations Committee on the Budget Estimates for the Nairobi City County Government, and County Assembly

MINUTES OF THE 64TH SITTING OF 2016 OF THE NAIROBI CITY COUNTY BUDGET AND APPROPRIATIONS COMMITTEE HELD ON WEDNESDAY 29TH JUNE 2016 AT 12PM AT CHARTER HALL, CITY HALL BUILDINGS

PRESENT

1. Hon. Michael Ogada MCA Chairman
2. Hon. George Ochola, MCA Vice Chairman
3. Hon. David Kairu, MCA
4. Hon. Herman Azangu, MCA
5. Hon. Kenneth Thugi, MCA
6. Hon. Fredrick Obenge, MCA
7. Hon. Osman Adow, MCA
8. Hon. Ngaruiya Chege, MCA
9. Hon. Samuel Irungu, MCA
10. Hon. Helen Katangie, MCA
11. Hon. Victoria Alali, MCA
12. Hon. Magdalene Mbogori, MCA
13. Hon. Catherine Akoth, MCA

ABSENT

1. Hon. Bernadette Wangui, MCA
2. Hon. Jackson Kiama, MCA
3. Hon. Jane Muasya, MCA
4. Hon. Peter Isuha, MCA
5. Hon. Caroline Muga, MCA
6. Hon. Isaac Ngige, MCA

SECRETARIAT

1. Mr. Erick Otieno Fiscal Analyst I/ Clerk to BAC.
2. Mr. Moses Senator Fiscal Analyst II

MIN232/BAC/JUNE/2016: Preliminaries

The Chairman called the meeting to order at 11am with opening prayers being led by Hon. Magdalene Mbogori.

The following agenda was adopted for the meeting after being proposed by Hon. Kenneth Thugi and being seconded by Hon. Samuel Irungu.

1. Preliminaries
2. Confirmation of Minutes.
3. Matters Arising.
4. Adoption of Committee Report on the Budget Estimates for the FY2016/17.
5. Consideration of the Supplementary Estimates II for the FY2015/16
6. Adoption of the Bi-Annual Report.
7. Communication on the pronouncement of revenue raising measures and passage of Vote on Account.
8. Any Other Business
9. Adjournment

MIN233/BAC/JUNE/2016: Confirmation of Minutes

The minutes of the 56th sitting of 2016 were read through and confirmed as true records of the deliberations of the Budget committee after being proposed by the Hon. Osman Adow and seconded by Hon. Magdalene Mbogori.

The minutes of the 57th sitting of 2016 were read through and confirmed as true records of the deliberations of the Budget committee after being proposed by the Hon. Herman Azangu and seconded by Hon. Fredrick Obenge.

MIN234/BAC/JUNE/2016: Adoption of Committee Report on the Budget Estimates for the FY2016/17.

The Committee went through the draft report on the consideration of the budget estimates for the Nairobi City County Government and the County Assembly for the FY 2016/17 and adopted the same without any amendments after being proposed by the Hon. David Kairu and Seconded by

Hon. Herman Azangu. However, the Committee resolved that the tabling of the report be shelved until all pending issues with the County Executive on the rolling out of the WDF projects and release of gratuity funds were conclusively addressed.

MIN235/BAC/JUNE/2016: Consideration of the Supplementary Estimates II for the FY2015/16

The Clerk to the Committee informed the Members that the Supplementary Estimates II for the FY 2015/16 for told the Members that a supplementary II for the FY 2015/16 had been tabled and committed to the Committee for consideration and reporting to the Assembly. He advised that due to the limited time to the end of the financial year it was important that the estimates be approved speedily. On the proposed changes in the estimates, the Committee Clerk informed the Members that the budget estimates mainly intended to ratify the reallocations that had been done towards the end of the financial year. In addition, the Committee was taken through some of the major adjustments which included in the Health Sector, Environment Sector and Education Sector. The Committee resolved that they would consider the Estimates further in a future meeting.

MIN236/BAC/JUNE/2016: Adoption of the Bi-Annual Report.

The Committee went through the Bi-Annual Progress Report and adopted the same without any amendments after being proposed by the Hon. Samuel Irungu and being seconded by the Hon. David Kairu

MIN237/BAC/JUNE/2016: Communication on the Pronouncement of Revenue Raising Measures and Passage of Vote on Account.

The Committee Clerk informed the Members that the Motion on Vote on Account was ready. However, he briefed the Committee that the same had not been slotted for discussion in the Order Paper that day awaiting finalization of the pending issues with the County Treasury. The Committee was also informed that the planned pronouncement of the revenue raising measures was also unlikely to happen due to the aforementioned challenges of implementation of WDF projects and release of gratuity funds.

MIN238/BAC/JUNE/2016: Adjournment

Having dispensed the business of the day, the Chairman adjourned the meeting at thirty minutes past one O'clock in the afternoon.

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign.......... Date..........

Hon. Michael O. Ogada (Chairman)