

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

4TH SESSION

NBI CA. PLC. 2016 / (025)

26th April, 2016

PAPER LAID

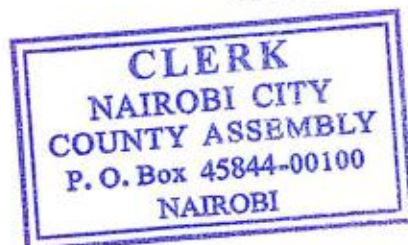
Pursuant to Standing Order 180 (6), I beg to lay the following paper on the Table of the Assembly today Tuesday 26th April, 2016

THE REPORT OF THE SELECT COMMITTEE ON BUDGET AND APPROPRIATIONS ON
THE NAIROBI CITY COUNTY FISCAL STRATEGY PAPER AND THE DEBT
MANAGEMENT STRATEGY PAPER FOR THE FY 2016/17 AND OVER THE MEDIUM
TERM

(Chairperson, Select Committee on Budget and Appropriations)

Copies to:
The Speaker
The Clerk
Hansard Editor
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The Press

Approved
Hon. Deputy Speaker
[Signature]
26/04/2016



COUNTY GOVERNMENT OF NAIROBI CITY



*Paper laid by Hrs. M
Dagala Chesipason Budget
Committee on the floor
of the Assembly on
Tue 26/4/2016.
AAJ
7/4/16*

NAIROBI CITY COUNTY ASSEMBLY

FIRST ASSEMBLY - FOURTH SESSION

REPORT OF THE SELECT COMMITTEE ON BUDGET AND
APPROPRIATIONS

ON

THE NAIROBI CITY COUNTY FISCAL STRATEGY PAPER AND THE DEBT
MANAGEMENT STRATEGY PAPER FOR THE FY 2016/17 AND OVER THE
MEDIUM TERM

APRIL 2016

Mr. Speaker Sir

The provisions of Section 117(1) of the Public Finance Management Act 2012 require the County Treasury to prepare the County Fiscal Strategy Paper (CFSP) and submit it to the County Executive Committee (CEC) for approval. The approved document is then submitted to the County Assembly (CA) by 28th February for consideration. The CFSP specifies the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term. The CFSP also provides the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

Mr. Speaker Sir, the provisions of Section 123 (1) of the Public Finance Management Act, 2012 require that on the 28th of each year the County Treasury shall prepare and make to be submitted to the County Assembly a statement setting forth the debt management strategies for the county government over the medium term including actual and potential liabilities. The provisions dictate that the statement shall detail the loans how the county government would wish to deal with those loans. In complying with these provisions of the law, the County Treasury submitted the Debt Management Strategy Paper (DMSP) which was tabled in the County Assembly and subsequently committed to the County Assembly Budget and Appropriations Committee.

Mr. Speaker, the County Fiscal Strategy Paper (CFSP) for the FY 2016 and over the medium term was tabled in this County Assembly on the March 8th, 2016 having been submitted on the 26th February 2016. However, arising from the misunderstanding on the alterations of the budget for the County Assembly Service Board, the submitted Paper was returned to the County Treasury for clarification. Upon being laid, Nairobi City County Assembly Standing Order 206 requires that the CFSP be committed to each Sectoral Committee to deliberate upon according to their respective mandates and make their recommendations to the Budget and Appropriations Committee (B&AC). Indeed, the B&AC is expected to consult each Sectoral Committee and table a report, containing its recommendation on the Paper to the County Assembly for consideration.

Mr. Speaker it is important to emphasize that the approval by the County Assembly of the motion on the report of the B&AC on the CFSP constitutes the County Assembly resolution setting forth the total overall projected revenue, the ceilings recommended for the County Government, and County Assembly and where necessary, the total sums for each Vote and the allocations to individual programs for the fiscal year in question.

Mr. Speaker Sir, as per the Public Finance Management Act 2012 and Standing Order 206 (4) the Budget and Appropriations Committee has the responsibility to review the paper and table a report in this Assembly in a timely manner. Given the significance of the CFSP on the budget process, the Assembly resolutions on it will guide preparations of the 2016/17 budget estimates. On behalf of the Members of the Committee and pursuant to the provisions of Standing Order 206, it is my pleasant duty to present to the Assembly, the Committee's Report on the consideration of the Nairobi City County Fiscal Strategy Paper.

Mr. Speaker Sir, the County Assembly Budget & Appropriations Committee comprises of the following 19 Members:

- | | |
|---------------------------------|---------------|
| 1. Hon. Michael Okumu, MCA | Chairman |
| 2. Hon. George Ochoa, 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 | |

Committee's Mandate

Mr. Speaker Sir, the Nairobi County Assembly Budget and Appropriations Committee is constituted under the provisions of Standing Order 187. Its mandate pursuant to Standing Order 187(3) is to:-

- 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 programmes with direct budget outlay

Mr. Speaker, the deliberations of the CFSP for this financial year has been a major hallmark for the Committee since it marked the first year of implementation of the PFM Regulations 2015 which came into force late last year. Further, this CFSP as the pen-ultimate document that is meant to implement the County Integrated Development Plan (2013-2017) is key as an instrument of tracking the County's development matrix. It is for these reasons that Members will note in the subsequent parts of this report that great emphasis has been placed on determining how far the submitted document complied with the above legal documents. As we said during a similar time last year, this Assembly must at all times desist from doing guesswork with public funds and hence the need to ensure that all proposed allocations are in tandem with the actual resource requirements supported by data and hard facts. In this regard, we are happy to confirm that the Committee has taken a lot of due diligence in the security of the submitted CFSP.

Examination of the County Fiscal Strategy Paper and the Debt Management Strategy Paper for the FY 2016/17

Mr. Speaker Sir, in reviewing the 2015 County Fiscal Strategy Paper and the Debt Management Strategy Paper, the Committee held a total of eight (8) sittings during which officers from the County Treasury led by the County Executive Committee Member for Finance was invited to give clarity on the proposed sector priorities, programmes and allocations. The Committee also received submissions from the Sectoral Committees which have formed part of this report. The recommendations from the discussions have been included in this report.


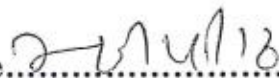
Acknowledgment

Mr. Speaker Sir, the Committee would wish to pay special tribute to the officers from the County Executive who appeared before it for purposes of making their submissions. Their contribution indeed gave all of us an important insight into the finalization of this report.

Mr. Speaker, I would like to thank all Members who participated in the process and worked tirelessly to ensure that this work was completed within the stipulated timeframe.

Mr. Speaker Sir, lastly the Committee is grateful to the Offices of the Speaker and Clerk for the support received as it discharged its mandate of scrutinizing the 2016 County Fiscal Strategy Paper and Debt Management Strategy Paper. Further, the Committee would wish to pay special recognition to the County Assembly Fiscal Analysts who helped the Sectoral Committees and indeed the Budget Committee digest the papers.

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

Signed.......... Date..........

Hon. Michael O. Okumu, MCA

Chairman, Budget and Appropriations Committee

SCRUTINY OF THE DMSP BY THE BUDGET COMMITTEE

1. **Mr. Speaker** the 2016 debt management strategy paper provides that at the end December 2015 the total stock of County debt stood at over Kshs. 45billion. The growth of public debt, the County Executive officials explained was mainly attributed to interest payments, penalties, non-remittance of amounts from statutory deductions among others. Of the aggregate figures, the Committee noted that the bulk of county debt portfolio consist of loans from commercial banks and other creditors including pending bills from the Collective Bargaining Agreements. These amounts were those that accrued to the defunct City Council of Nairobi through loans advanced by the Local Governments Loans Authority as well as the National Government Guaranteed Loans. Up to the time of preparing this paper, there still remains areas of uncertainty on which of the loans were repaid and which ones were not.
2. **Mr. Speaker Sir**, as many Members may recall sometime back the County Government initiated process of determining, compiling as well as proposing ways of dealing with the County pending bills. In this regard, a taskforce was formed to undertake the above issues and come up with a report which would provide a roadmap on how the County intends to clean up its books both in terms of debts and account receivables. However, the Committee was most perturbed that the work of the taskforce and its recommendations thereof were in no way alluded to in the DMSP for the FY 2016/17. The Committee would therefore be calling upon the relevant authorities to follow up and ensure that the report is both made public and implemented as a way of ensuring that we continue to maintain fiscal transparency in the management of our public resources. Further **Mr. Speaker**, and as was the case in FY 2015/16, the County would still be implementing reforms in establishment of fiscal, legal, institutional and operational framework to strengthen issues of debt management. Whereas the Committee was persuaded that these still remain good initiatives, the Committee was of the view that an analysis of their implementation status one year later since the passage of the DMSP 2015 would have been critical.
3. **Mr. Speaker Sir**, this FY the County Assembly has undertaken to review the Debt Management Strategy Paper alongside the County Fiscal Strategy Paper to enable it have a holistic view of the budget projects and any future financing plans. The Committee noted that the DMSP was prepared consistent with the CFSP hence making it alive to the current financial reforms that the County will embark

on in the coming three financial years. The DMSP has been underpinned on the 2016 County Fiscal Strategy Paper and the fiscal responsibility principles in the two papers are consistent.

4. The purpose of the debt paper in any financial year is to outline a clear plan of action and measures the county government would wish to pursue in order to restrict the growth of public debt as well as clear any accrued liabilities. In the approved DMSP for the FY 2015/16, the County planned to pursue debt rescheduling, external borrowing, borrowing from money and capital market, debt/asset swop and debt write-offs as possible strategies of curtailing the growth of public debt and alternative financing. As the Committee noted in the previous financial year, the County should implement the strategies with the zeal and commitment required to enable it achieve the intended objectives.
5. **Mr. Speaker Sir**, the DMSP attempts to comply with the provisions of Section 107(4) of the PFM Act, 2012 by setting the debt to revenue ratio at 25% of the total revenues. This the Budget Committee believes is a good direction to limit the expenditure on debt repayments but it was not out rightly clear from the statement in the paper whether this was meant to set the debt: revenues figures for the coming financial year or the debt ceiling. The Budget Committee noted that such a ceiling needs to be set through a Sessional Paper. Nonetheless, as Members may be aware, Public Finance Management Act Regulations which which came into effect after being gazetted by the National Treasury in 2015 have sweeping effect on both national and county government public finance management. The regulations decree that the county public debt shall not exceed 20% of County Government total revenue implying that the proposed debt ceiling for the County is inconsistent with the national legislation. In this regard therefore, the Committee would be proposing necessary amendments to ensure that we comply with the fiscal responsibility principle.

SCRUTINY OF THE CFSP 2016/17 BY THE BUDGET COMMITTEE

A. INTRODUCTION

6. **Mr. Speaker Sir**, once again it is paramount to remind this House that the underpinning legal provisions and our own Standing Orders require that the report of the Committee contains schedule of total overall projected revenue and ceilings recommended for the County Government, and County Assembly and where necessary the total sums of each Vote and the allocations for each programme for the fiscal year in question. This is a nutshell means that this County Assembly is

the decider on how much resources each of the County's Sectors and Cost units would be able to utilize within any financial year.

7. **Mr. Speaker Sir**, there are no shortage legal provisions that emphasize the importance of the County Fiscal Strategy Paper in the budget process. This is a document that guides the subsequent processes in the budget cycle by aligning them to more realistic targets with the aim of ensuring that there is achievable growth trajectory within the resource constraints. From this background, it is critical that all Sectors and most importantly the County Treasury undertake proper analysis of the prevailing scenarios as well includes as much variables as possible in the forecasting models. In this undertaking, **Mr. Speaker**, the guiding law has underscored the need to involve not only the relevant stakeholders but also the members of the public to which the policies are meant to apply.
8. **Mr. Speaker Sir**, Section 117 of the Public Finance Management Act, 2012 outlines the contents of the CFSP which in summary include:
 - a. *Specification of the broad strategies and policy goals that will guide i*
 - b. *n budget preparation;*
 - c. *Financial outlook with respect to county government revenues, expenditures and borrowing for the next financial year and the medium term;*
 - d. *The total resources to be allocated to individual programmes and projects within the various sectors in the County;*
 - e. *The proposed expenditure ceilings for the two arms of government; and*
 - f. *Financial outlook with respect to county government borrowing*
9. **Mr. Speaker Sir**, the County Fiscal Strategy Paper for the FY 2016/17 is divided into four parts that deal with overview of the recent economic developments and achievements for the current financial year; macroeconomic variables and environment that would affect the rolling out the paper; documents the policies that would be fast-tracked in the coming financial year to ensure the priorities are achieved and the county government's resource envelope for the coming financial year, the level of compliance to the fiscal responsibility principles and the fiscal risks to the outlook.

B. REVIEW OF COMPLIANCE OF THE COUNTY FICAL STRATEGY PAPER 2016/17 TO THE PREVAILING LEGISLATION

10. **Mr. Speaker Sir**, review of the CFSP for the FY 2016/17 marked a first for the Committee in many aspects most of all being that it is the first document that should be prepared in line with the provisions of the newly gazetted PFM Regulations 2015. As has been canvassed at length in various fora, the Regulations

to great extent changed the budget preparation and oversight environment for the County Executive and the County Assembly respectively. In addition to providing more clarity on the provisions as contained the substantive Act, the regulations expanded the fiscal responsibility principles among other far reaching details. This section of the report would therefore aim to document how far the Paper was in tandem with the guiding laws.

11. **Mr. Speaker Sir**, the provisions of Section 117 of the PFM Act, 2012 are explicit that the County Treasury shall submit to the County Assembly the CFSP not later than the 28th of February each year. The document submitted to the County Assembly should not be a confidential product prepared by the County Treasury and submitted to the County Assembly but rather should be Paper tabled and approved by the County Executive Committee. This therefore means that all Sectors through their County Executive Committee Members should not only own the Paper but should also believe in the realism of the revenue targets, expenditure figures and sector ceilings. It is from this background that it goes against expectation for the Sectors to disown the contents of the submitted CFSP. On the timelines for submission of the Paper, it was presented to the Office of the Clerk on the 26th February 2016 which was two days before the statutory deadline. Having been submitted on the said date which was a Friday, the next stage was for it to be laid in the County Assembly. However, as Members may recall, through a Communication from the Chair delivered on Tuesday 1st March 2016 the Members were informed that the details of the budget for the County Assembly Service Board had been inaccurately captured forcing the return of the document for explanation. The Committee commends the County Treasury for having been prompt in delivering the sought explanation which satisfied the County Assembly Service Board and the Paper was hence tabled on Tuesday 8th March 2016. Further as Members may recall during this time there was no functional Budget and Appropriations Committee which would expedite the process of scrutiny of the submitted CFSP having been tabled in the County Assembly. The County Assembly reconstituted the Budget Committee on the 9th March 2016 with the inaugural meeting of the Committee held on the 15th March 2016. From the foregoing and given the already explained chronology of events, it was therefore not possible for the Committee and indeed all Sectoral Committees to timely report on the Paper as required by the PFM Act, 2012 and Standing Orders. However, the Committee would wish to note that these were one-off occurrences that it would not anticipate to happen again in the future.

12. **Mr. Speaker Sir**, of the fiscal responsibility principles that the have been embedded on the PFM Regulations is the requirement that the County Assembly total budget does not exceed the lower of seven percent of total county revenues or

twice personnel emoluments. Simple arithmetic brings us to the conclusion that the lower of the two would be twice the personnel costs which would translate to Kshs. 1.5billion. The Budget Committee during deliberations on this Paper, was at pains to understand what informed the inclusion of such a limiting provision on the work of the County Assembly into the Regulations. The Committee was informed that the County Assembly through the County Assemblies Forum and Society of Clerks at the Table had approached the Senate with a view of setting aside this regulation. Another regulation that the group is keen on having the Senate set aside is that which requires the County Assembly to amend only 1% of the submitted budget estimates. Whereas the sector ceiling for the County Assembly did not comply with the legal requirement, the Committee is of the view that during these formation stages of the County Government it would be impossible to roll out some of these requirements wholesale. The Committee would hence be proposing no alteration to the budget of the County Assembly. We urge the leadership of the County Assembly through the Clerk and the Speaker to follow up and ensure that any regulation that limit the proper functioning of the County Assembly is set aside.

13. **Mr. Speaker Sir**, the cornerstone of the Constitution of Kenya 2010 aimed to expand the democratic space and open the institutions of governance to public scrutiny. All the legislations that are in consonance with the Constitution including the Public Finance Management Act, 2012 have underlined the importance of public input in formulation of government policy and implementation of the same. The Committee wishes to confirm that the Paper has clearly reported that there was public participation in coming up with the paper. However, the Committee noted that the paper lacked details of the views that were submitted by various stakeholders including the Commission on Revenue Allocation and the County Treasury. Going forward, the Committee continues to reiterate that all budget documents should contain submissions from all stakeholders and analysis on how the various views were incorporated.

14. **Mr. Speaker Sir**, the Budget Committee has over time been keen to remind the County of the importance of managing the wage bill. The total County expenditure on personnel remunerations stand at about Kshs. 13.7 billion which is way above 50% of our actual revenue collections. These are indeed high figures by any standards and if nothing is done speedily to manage this non-discretionary recurrent expenditure then this County may very well end up being like any other employment bureau. Whereas the PFM Regulation 25(1) (b) has set the limit for expenditure on county wages and salaries at 35% of the total county revenues, the CFSP failed in its entirety to acknowledge this provision or at very least provide a

clear roadmap on how the County intends to achieve that threshold. **Mr. Speaker** it is not lost on the Committee that matters revolving around wage bill and personnel are touchy and need to be handled with a lot of meticulousness. In this regard therefore, the Committee while deliberating on this Paper, sought to know from the County Executive Committee Member for Finance and the relevant Sector on measures that were being put in place to realize that milestone. The Committee during this process learnt that despite the documentation of possible fall in personnel expenditure due to foreseen retirement, natural attrition and employment freeze, the projected budgets for employee costs were on an upward trajectory. In summary therefore, the Committee wishes to plead with the Select Committee on Delegated County Legislation and the Sectoral Committee on Labour and Social Welfare to follow up and ensure that a proper marshal plan on how the 35% mark would be achieved is presented to the County Assembly is submitted to the County Assembly for consideration. However, in this report the Budget Committee would be pronouncing itself on what it considers appropriate and immediate course of action.

15. **Mr. Speaker Sir**, as the Budget Committee said during the scrutiny of the 2014 and 2015 CFSP, this paper is not meant to be a copy and paste of the Budget Policy Statement (BPS). Like in the previous years, the Committee notes that the County Treasury has done well to undertake to live within the provisions of Section 117 of the PFM Act and aligned itself to the broad national priorities contained in the BPS. However, as has been the case over the last two years, still the Committee regrets to report that instead of customizing the national variables and forecasts like inflation, GDP growth rate among others to fit within the county plans, the paper has only quoted them without giving a convincing explanation on their relevance going forward. It was the expectation of the Budget Committee that the paper should have detailed how the well documented growth prospects and inflation figures would change the revenue outturn and budget performance among other variables that would be of key concern to this Assembly.

16. **Mr. Speaker Sir**, matters of deficit financing are either a reality or likelihood for any government. Despite there being numerous provisions in statute and given the County's debt standing, the Committee was amazed that the Paper made no meaningful mention of how the County intends to manage issues of debt and debt repayments. Considering that the County has account receivables to the tune of Kshs. 110billion with amount of outstanding debt nearly half that amount, the Committee believes it would have been important for the Paper to present on analysis on the debt management strategies approved by the County Assembly had thus far been implemented. It is important to enlighten Members that the PFM Regulations have introduced the County Revenue Fund services which would

have the net effect of making as a first charge the payment of salaries and allowances for the Governor and the Deputy Governor. The Fund Services also most importantly includes debt resolution issues. To this end, from now on it would not be possible for the County to alter amounts set aside in the budget for debt repayments. The Committee, and arising from the level of indebtedness of the County, has called on the County Treasury to urgently submit to the County Assembly a Sessional Paper detailing the debt ceiling for the County. The Committee has been keen to remind the County Treasury that the said debt ceiling must be in agreement with Regulation 25 (1) (d) which dictates that County public debt shall not exceed 15% of total county revenues in any financial year.

C. MACROECONOMIC POLICY FRAMEWORK

17. **Mr. Speaker**, the chapter details the County's macroeconomic environment and how that is expected to change over the medium term taking cognizance of the internal risks and the national strategic objectives. The Section also contains the measures that the County would put in place to improve performance of the key revenue sources.
18. **Mr. Speaker Sir**, the Paper has rightly identified the various challenges affecting revenue collection in the County and has proposed mitigating measures. However, the Committee noted that some of the challenges and corresponding mitigating measures like sensitization on e-payment have taken too long to implement despite consistently being reported in various budget documents over the past three years. The Paper has discussed in detail the continued underperformance of County revenues which is forecasted to hit Kshs. 14billion. The Committee was therefore hard pressed to understand how the County would be able to realize the next year internal revenues target of Kshs. 17billion. This, the Committee believes, would be difficult to realize given that over the last two financial years, the collections have hardly hit Kshs. 10billion mark. Further, the Committee noted that the estimates contain the amounts expected to be collected from liquor license fees as part of our resource envelope, in complete disregard of the Nairobi City County Alcoholic Drinks and Control Act, 2014. The Act classified the revenues from that source as appropriations-in-aid and therefore not open to the County's discretionary expenditure.
19. **Mr. Speaker Sir**, the County Assembly has been keen on the allocations and utilization of funds for the Ward Development Fund. The Committee during its deliberations in this paper noted that it was not prepared in compliance to the Nairobi City Ward Development Fund Act, 2014. Section 4 (2) of the Act require that the allocations for WDF in any financial year does not fall below the 5% of our

ordinary revenue. The amount allocated for the Fund is projected to fall to under the 5% of our total revenues. Whereas the Committee noted that the amounts are still in line with the Act, it is not convinced that the County should be trimming down on allocations for development at a time when the electorate expect nothing short of development at the grassroots.

20. **Mr. Speaker Sir**, the provisions of Section 111 of the PFM Act, 2012 leave no doubt that the County should not allocate funds for Emergency Fund Services without regulations considered and approved by the County Assembly. The Committee therefore sought to know from the County Treasury on the legal framework that it used to utilize the Kshs. 55million allocated in the FY 2015/16. The County Treasury informed the Committee that the funds had not been utilized as alleged and they pleaded with the County Assembly to fast-track the passage of the Regulations which they said had been forwarded for consideration.

D. POLICIES TO ACHIEVE THE MEDIUM TERM OUTLOOK

21. **Mr. Speaker Sir**, this part of the paper outlines the measures that the County aims to put in place to achieve the Governor's seven-point agenda as delivered in 2014. The seven key areas of focus that have been explained in detail the following as action points including governance and public participation; ensuring financial sustainability; institutional transformation; improving physical infrastructure and services; social and community development; focusing on safety and environment and planning and economic development.

22. **Mr. Speaker**, the Committee was in agreement that the policies as proposed are robust and detailed. However, given that the policies had not been enlisted alongside their intended outputs, key performance indicators, as well as result timelines it would be almost impossible to keep track of their implementation. Most importantly the Committee found it out of order that the report lacked details of the implementation status of the Governor's point agenda over two years since it was delivered. It was the view of the Budget Committee that such implementation matrix would have been essential at helping this County Assembly keep track of how previous budgets have been able to influence policy decisions.

E. BUDGET FOR THE FY 2016-17

20. **Mr. Speaker Sir**, the CFSP had outlined the budget outlay for the County for the coming financial year. The chapter lists the guiding policy on expenditure, resource envelope, projections, key priority areas for the the FY 2016/17 and the allocations for the earmarked funds.

21. **Mr. Speaker Sir**, during scrutiny of these paper as has been the case with previous budget documents, the Committee noted that the County Executive has not been keen to document the bank balances for the previous financial years. The Budget Committee while performing its function was informed that the Budget Policy Statement for the FY 2016/17 has a conservative figure of Kshs.500million for Nairobi City County bank balances, account receivables and cash in hand as at the end of the FY 2014/15. The Committee was alarmed that these figures were neither reported nor explained in the County Fiscal Strategy Paper for the FY 2016/17.

22. **Mr. Speaker Sir**, we have emphasized a number of times that there is need for harmony and consistency in documents that are submitted to this County Assembly for consideration. In the County Budget Review and Outlook Paper for the FY 2014/15 the County Treasury had undertaken to ensure that the budget ceilings for the County is divided three sectors, namely: Governance, Social & Service Sectors (40%); Physical Infrastructure (30%) & Productive Sectors and Economic Sectors (30%). The Committee notes that limiting the amounts that departments can spend within the various sectors would be critical at ensuring that the resource allocation is in tandem with Sector needs and objective criteria. The Committee has also emphasized to the County Treasury on the need to have these sectors determine their resource envelope and also allowed to reallocate funds with their total allocation. From this viewpoint, the Committee would be looking forward to hear how the budget estimates are clustered as proposed.

F. SECTOR CEILINGS

23. **Mr. Speaker**, it is once again imperative that members appreciate the reasons as to why the formulators of the PFM Act saw it wise to make it mandatory for the County Governments to introduce the CFSP prior to coming up with the budget estimates. This paper has major role, which is to enable agencies and departments plan for their estimates and programmes. This **Mr. Speaker Sir** is aimed at eradicating the mysteries that surrounded the budget making processes which was largely in the hands of the Minister of Finance.

24. **Mr. Speaker**, in the previous financial years the Committee has lamented the lack of meat in the submitted County Fiscal Strategy Papers. Whereas over time the County has made progress in contents of this Paper, the work of Sectoral Committees and Budget Committee was still hampered by lack of costed sector programmes that would enhance the oversight functions of those Committees. The provision of sector ceilings without unbundled programmes makes no sense to the

extent that the ceilings are not broken down to the last cent. This is the problem that continued to face Sectoral Committees in their attempt to make sense of the paper and try to make any necessary adjustments. From the foregoing, it was hence insurmountable task for the committees to make any meaningful recommendations for their sectors from the very general statements and scanty figures that were contained in the paper with no clear budgetary and fiscal direction.

25. In scrutiny of the CFSP for the FY 2015/16, the Budget Committee reported to this Assembly that most sectors claimed not to have been consulted in the process of coming up with the CFSP. **Mr. Speaker**, most of the Sectoral Committees reported the determination of Sector ceilings was not consultative and hence could not reflect the real resource requirements for the County. The Budget Committee decries this current state of affairs that goes against the underpinning public finance management systems. The Committee believes that it is the anticipation of the law that there shall be a bottom-up approach in identification of sector needs and top-down mechanism should at all times be employed in allocation of resources. The formulators of the law might not have wanted that it would be the discretion of the County Treasury to solely decide how much resources should be advanced to the ten sectors. The budget process should at very least be all-inclusive and consultative in its entirety.

26. **Mr. Speaker** in order to ensure that the County Sector ceilings are realistic and within the most achievable resource envelope, the Committee would be making recommendations on the same to this House for adoption.

G. SUBMISSIONS FROM SECTORAL COMMITTEES

27. **Mr. Speaker** the provisions of Standing Order 206 (3) guide on the procedure of scrutinizing the County Fiscal Strategy Paper once it has been tabled in the County Assembly. In this process, the Sectoral committees of the County Assembly have an integral duty of not only ensuring that the resources allocated to departments within their watch are sufficient for the intended sector priorities but also to confirm to this Assembly that there is value for money in all such endeavor. Further the Sectoral Committees are expected to validate the sector achievements and the viability of any mitigating measures. After considering the contents of paper in line with their respective mandates as outlined in our standing orders, the committees are then required to submit their recommendations to the Budget and Appropriations Committee.

28. **Mr. Speaker Sir**, as we have said the time that had been allocated for the sectoral committees to review this paper was way too inadequate and it is commendable that the Committees were able to finalize their reports and make their recommendations in time. We continue to hope that the Senate and National Assembly would review the PFM Act, 2012 to extend the timelines for scrutiny of the BPS and by extension the CFSP. Further the CFSP as presented had scanty information, lacked sector budgeted programmes and accompanying line items it was almost impossible for these committees to make sense out of the block figures and general statements that form the strategy paper. It is noteworthy that most of the Committees were able to request this information from their respective Sectors and use the same to make informed decisions on budget document. All in all, the Budget Committee would wish to appreciate all the sectoral committees for having created time to review this important document and we note that their recommendations have been informative towards finalizing this report.

The following were some of the recommendations of the Sectoral Committees:

a) Agriculture, Environment and Natural Resources Committee

- i. That the the ceiling for the Agriculture, Livestock Development and Fisheries be maintained at Kshs. 313, 979,000 for recurrent expenditure and Kshs. 150million for development and projects be implemented as proposed; and
- ii. That the ceiling for recurrent expenditure for Environment Sector be increased to Kshs. 1.686billion while the development expenditure be increased to Kshs. 1,440,700,000 to incorporate the development projects proposed.

b) Trade, Tourism and Cooperatives Committee

- i. That the allocation under Administration for purchase of motor vehicles to enhance revenue collection and monitoring in commerce worth Kshs. 40million be reduced to Kshs. 10million;
- ii. That the amount allocated under Administration for purchase of motor vehicles for monitoring and inspection worth Kshs. 15million be reduced to Kshs. 5million;
- iii. That the amount allocated under Tourism for tourism promotion and awareness worth Kshs. 7million be reduced to Kshs. 3million;
- iv. That the amount allocated under Tourism for local tours and transformation of city market to be a tourist night market worth Kshs. 15million be scrapped off the budget;
- v. That the Kshs. 15million allocated to licensing and fair trade practices for Weights and Measures be scrapped;

- vi. That Kshs. 30million allocated under Tourism Sector for tourism information center be scrapped off the budget; and
- vii. That the savings of Kshs. 104million from the above reductions be used for developments of new markets

c) Justice and Legal Affairs Committee

- i. That the ceilings for the Administration Sector be revised to include Kshs. 361million for development and Kshs. 574million for recurrent expenditure;
- ii. That the ceilings for the Executive Committee Services be revised to include Kshs. 50million for development and Kshs. 190million for recurrent expenditure;
- iii. That the ceilings for Public Relations department be adjusted upwards by Kshs. 100million to Kshs. 200million;
- iv. That the development ceilings for Decentralization Sub-Sector be included in the budget in terms of Kshs. 340million for renovation of Sub-County Administration Offices, Kshs. 18million for renovation of the Ward offices, Kshs. 510million for Double Cabin Pick-ups to be spread over three years;
- v. That the ceilings for the Legal Affairs Sector be revised to include Kshs. 305million for development and Kshs. 500million for recurrent expenditure; and
- vi. That the development ceiling for the Inspectorate and Security Sector be revised to include Kshs. 90million.

d) Culture and Community Services Committee

- i. That rehabilitation of Dandora III Social Hall and equipping be struck off the budget and replaced thereof with construction of two social halls in Mathare Ward and Kabiro Ward and that the construction be undertaken in phases;
- ii. That the first phase in Mathare Ward to cost Kshs. 15million and Kabiro Ward to cost 10million totaling Kshs. 25million in the next financial year;
- iii. That County Executive should institute reforms in the procurement process aimed at reducing the time taken during procurement;
- iv. That funds should be allocated for promotional of cultural activities;
- v. That the ceiling for the Education, Youth Affairs, Sports, Culture and Social Services be increased to Kshs. 2.235billion including Kshs. 535million for development expenditure and Kshs. 1.7billion for recurrent expenditure; and
- vi. That Kshs. 95million be allocated for cultural programmes;

- vii. That the allocation for Security, Compliance and Disaster Management under the Governor's Office be properly defined. The sector priority projects equals Kshs. 240million.
- e) Transport and Public Works Committee
- i. That the development ceiling for the Sector be raised to Kshs. 5,636,572,671.48 to accommodate the deficit of Kshs. 1,326,572,671.48 and part of this money be allocated to the 85 wards at Kshs. 5million each for road maintenance. Further that Kshs. 5million be allocated for disabled persons' transport access facilities;
 - ii. That the financial management function of the County need to be decentralized to enable sectors undertake their development projects.
- f) Health Services Committee
- i. That the Sector needs to liaise with the County Treasury to develop guidelines on the expenditure of revenue as source;
 - ii. That the projects which were not implemented in the previous financial year be incorporated into the planning and budgeting for the FY 2016/17;
 - iii. That the Sector proposal as contained in the CFSP 2016/17 be approved.
- g) Children, Early Childhood and Vocational Training Committee
- i. That the development expenditure for the sector be raised by Kshs. 135million to fund the proposed projects;
 - ii. That the Kshs. 50million allocation for construction of model vocational training center at Muslim Primary School be reallocated to provide Kshs. 20million for rehabilitation of Kangemi Youth Polytechnic and Kshs. 30million for rehabilitation of CGHU Nursery; and
 - iii. That the Kshs. 20million allocation for purchase of didactic materials/equipment/furniture for ECDE centres be reduced by Kshs. 5million and the amount be reallocated towards One Stop Youth Centre;
- h) Physical Planning and Housing Committee
- i. That each Sector i.e. Urban Planning & Lands and Urban Renewal & Housing be allocated individual votes;
 - ii. That the sector ceilings be enhanced to accommodate the listed priority projects for each Sector.
- i) Labor and Social Welfare Committee
- i. That the ceilings for County Public Service Board be increased by Kshs. 48,708,815 to Kshs. 154,299,84;

- ii. That the ceiling for the Public Service Management be adjusted upwards to Kshs. 1.025billion.
- j) Water and Sanitation Committee
- i. That an additional one (1) million be allocated for all the 85wards to undertake water based water and sanitation projects;
 - ii. That Kshs. 22.8million be allocated for construction of sewers in Njiru, Dandora and Kayole Wards;
 - iii. That Kshs. 30million be allocated under Nairobi Water and Sewerage Company for sewer revolving fund;
 - iv. That the allocation for rehabilitation of Nairobi Dam be increased; and
 - v. That the budget for Nairobi City Water and Sewerage Company should have its budget incorporated in the County Fiscal Strategy Paper.

H. OBSERVATIONS ON SELECTED SECTOR BUDGETS

29. **Mr. Speaker Sir**, as we stated during a similar period last year, the Budget acting as a midwife between the County Treasury and the various Sectors is charged with the responsibility of ensuring that all the activities for the county are funded but more so within a realistic budget and revenue projections. During deliberations on this paper, the Budget Committee noted with concern that despite the well broadcasted fact that the county has been largely unable to collect its optimal amount of revenue, most Sectoral Committees came up with proposals that, if implemented, would have the net effect of increasing our budget totals to almost twice our net revenue receipts. From this background and after extensive discussions on the prevailing realities, Members will notice that in this report, the Committee would be recommending a number of reductions so as to make our budget achievable.
30. **Mr. Speaker Sir**, there have been enough arguments advancing the case that these are indeed difficult times that call for tightening of the fiscal belt and austerity measures on all aspects of our expenditure. At a time when the national government is preaching financial constraint, this County cannot afford to balloon its budget beyond what we can afford. It is for this reason that the Committee has been keen to ensure that the figures in our books are as realistic and achievable as possible.
31. **Mr. Speaker Sir**, the Committee was more perplexed that the Sectoral budgets are filled with projects that we have planned to undertake since the coming into life of the county government. Most of the repetitive projects were evident in the Transport, Planning and Environment Sectors where projects have continued to

remain in our budget documents with no indication on the extent to which they have been undertaken. The Environment Sector still undertakes to purchase Lorries, improve Dandora dumpsite and clean Nairobi Dam, projects that it has been preaching over the past three budgets. The Committee was more shocked that despite the continued privatization of garbage collection, the County still has huge requests for purchase of special equipment related to garbage collection. Of most concern for the Budget Committee in this CFSP was that the sector has prioritized the construction of John Osogo Road despite the same being a function domiciled under the Transport Sector. Whereas the Sector argued that the road might not be a priority for the Transport Sector, the Committee is convinced that we all work for one County with a singular vision and what improves the image the County would definitely be a priority to all Sectors. That notwithstanding, given the urgency of the matter, the Committee would be recommending that the construction of the road through the Dandora dumpsite be scrapped off the budget from the Transport Sector and prioritized in the Environment Sector.

32. With regard to the budget for the Transport Sector, the Committee noted with concern that the Sector has not been keen to ensure that projects are implemented. **Mr. Speaker Sir**, it was shocking to note that three months to the end of the financial year, the Sector had already resolved that all its development projects would be rolled over to the next financial year. Further the Sector presented to the Budget Committee documents filled with projects that were rolled over but whose completion dates were still maintained as early as 2014. This, the Committee believes, represent laxity on part of the Sector to update its database and most importantly to ensure that the projects are implemented according to the script.
33. **Mr. Speaker Sir**, the role and function of the Transport, Roads and Public Works Sector is critical towards ensuring that the infrastructure of the wards are uplifted. The Committee was however shocked to note that in this undertaking the Sector has not been observant of the underpinning legal requirement. Of concern is that the Transport Sector over-contracted for various projects way above the budget allocation in complete contravention of the provisions of Section 135 of the Public Finance Management Act, 2012 which only allows 10% of such over-expenditure. The Sector led by the Chief Officer told the Committee that the Sector contracted based on actual prices quoted by successful bidders. However, the Committee pointed out that this was a recent development that had not been evident in the financial year 2013/14 and the FY 2014/15. The Committee was further not convinced that procurement should be undertaken in complete disregard of the approved budget. For this complete defiance to the prevailing legislation and any

good budgeting practice the Committee would be recommending a befitting sanction to forestall the current the state of affairs.

34. **Mr. Speaker**, Nairobi County remains heavily burdened by a huge wage bill that needs not only an urgent but also a lasting solution. Containment of public expenditure on personnel emoluments is paramount if we are interested in having enough resources to institute development and revitalize the wards for the better. However, it was shocking to note that most Sectors presented to the Committee proposals of additional employment in the coming financial year which would raise the remuneration package to about 50% of our total revenues. Further in the supplementary estimates before the Committee, it has been presented that the Public Service Management has undertaken salary review and promotion that would push the wage bill further. Whereas the Committee was at times swayed by the reasons given for additional recruitments, it considered our revenues against the proposed expenditures and resolved to invite this Assembly to freeze all additional employments over the medium term period. This will enable us get our development footing before we continue committing more funds that we don't have to avoidable recurrent expenditures. The Committee would also be communicating its decisions on the salary reviews and promotions in its report on the supplementary estimates.

35. **Mr. Speaker Sir**, the Committee during its scrutiny of the Sector reports with the Chairs of the Sectoral committees noted with concern that there were discrepancies on the sector achievements with the reality on the ground. Specifically, there were many cases if projects that had neither started nor made meaningful progress yet the same were reported as sector achievements. It is the view of the Budget Committee that Sectoral Committees should take it upon themselves to ascertain whether the claims by the County Executive are both factual and based on hard facts. It is also the anticipation of the law that during the review of these reports from the County Treasury, the Committees shall confirm to the County Assembly to what extent the costs of the projects are factual.

I. COMMITTEE'S RECOMMENDATIONS:

36. **Mr. Speaker**, as has been discussed at length, the County Fiscal Strategy Paper for the FY 2016-17 as submitted had a number of shortcomings that need to be addressed to ensure that the paper complies with the legal parameters. The remainder of this report should hence be construed as proposed amendment to the

submitted CFSP while taking into account the recommendations of the County Treasury, the Sectors and the Sectoral Committees.

37. Therefore, **Mr. Speaker Sir**, in addition to the recommendations contained in other parts of this report, the Committee recommends that the Assembly resolves as follows:

a) Policy Measures

- i. That in compliance with the provision of Section 107 (2) (c) and Regulation 25 (1) (b) the Assembly resolves that there shall be no replacement of employees leaving the service due to natural attrition and retirement. The County Assembly therefore resolves to freeze any additional employment over the medium term. Further that any specialized employment requirement shall be subject to budgetary provision as approved by this County Assembly;
- ii. That the total expenditure on development for the County Government for the next two financial years shall not be less than 31% of the total county budget;
- 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 the actual expenditure on wages and salaries shall not exceed Kshs. 14billion or 40% of the total county revenues with the figure reducing gradually to 35% by FY 2018/19;
- v. That the County Treasury, in compliance with the Nairobi City County Public Participation Act 2015, ensures that there are sufficient allocations not exceeding 2% of total county revenues for public participation in various county departments;
- vi. That in future, in addition and in furtherance to the requirements of the PFM Act, the County Fiscal Strategy Paper shall include:
 - Statement of fiscal risk including international negotiations, list of contingent liabilities, potential capital investment decisions;
 - Assessment of county's economic environment including level of adherence to the fiscal responsibility principles, medium term fiscal framework defining a top-down aggregate resource envelope and broad expenditure levels;
 - Review of the fiscal framework including level of county public debt, revenue policy, debt policy, expenditure policy, sensitivity analysis taking account the changes in macroeconomic variables;
 - Details of intergovernmental fiscal relations; and

- The total sums for each Vote and where possible the allocations to individual programmes for the fiscal year in question
- vii. That in future, in addition and in furtherance to the requirements of the PFM Act, the Budget Estimates shall include:
- List including exact names, costs and location of projects to be undertaken with the amounts allocated for development;
 - Policies, if any, related to revenues, expenditure, debt and deficit financing;
 - How the estimates have been aligned to the resolutions adopted in the County Fiscal Strategy Paper for the fiscal year in question;
 - Memorandum explaining how previous resolutions of the County Assembly on budget matters have been taken into account; and
 - All estimated expenditure by vote and programme clearly identifying the intended key performance indicators, outputs and outcomes of all the programmes

b) Expenditure Ceilings

- i. That the ceilings for the two arms of government be set as follows:
- **County Assembly- Kshs. 1.703Billion**
 - **County Executive – Kshs. 34.284Billion**
- ii. The schedules 1 and 2 attached to this report forms the basis for the FY 2016/17 budget.
- iii. That the recurrent and development ceiling for the Urban Renewal and Housing be revised as in Schedule 2 and specifically that the following ceilings be observed for the respective expenditure items:
- Improvement of work environment – Kshs. 50million;
 - Urban renewal - Kshs. 50million;
 - Rental Housing - Kshs. 78million;
 - Housing Research & Information - Kshs. 10million;
 - Community Development - Kshs. 5million; and
 - Recovery of Mortgages - Kshs. 5million
- iv. That the development ceiling for the Urban Planning and Lands Sector be revised as in Schedule 2 and specifically that the following ceilings be observed for the respective expenditure items:
- Develop and implement integrated district area plan - Kshs. 30million;
 - Install and upgrade ICT supported services - Kshs. 35million

- Implementation of a web-based physical address system- Kshs. 50million;
 - Sustainable energy & climate change action plan – Kshs. 5million;
 - Building audit and safety - Kshs. 10million;
 - Rehabilitation of city open spaces - Kshs. 25million;
 - Renovation of planning compliance of city hall planning offices- Kshs. 10million;
 - Refurbishment of UDD offices and development control registry- Kshs. 10million;
 - Survey of County, allotted and site service schemes- Kshs. 10million;
 - Regularization of County and other lands -Kshs. 10million;
 - GIS development and expansion - Kshs. 50million;
 - Refurbishment of survey offices - Kshs. 12million;
 - Purchase of survey equipment - Kshs. 12million;
 - Acquisition of site vehicles - Kshs. 15million;
 - Registration of leases - Kshs. 30million;
 - Capacity building - Kshs. 10million;
 - Refurbishment of City Hall Valuation offices –Kshs. 10million;
 - Establishment of GIS based Valuation roll - Kshs. 20million
- v. That the recurrent ceiling for the Water, Energy, Environment and Forestry Sector be revised as in Schedule 2 and specifically that the following ceilings be observed for respective expenditure items:
- Solid Waste Management contracts for the 18 operational zones - Kshs. 600million;
 - Maintenance of Plants, Machinery and Equipment- Kshs. 50million
 - Purchase of 5 trucks –Kshs. 50million;
 - 1 bulldozer – Kshs. 34million;
 - 1 backhoe - Kshs. 12million;
 - 1 excavator- Kshs. 19millio; and
 - Kshs. 4million be provided per ward for improvement of water infrastructure
- vi. That the development ceiling for the Education Sector be revised as in the Schedule 2 and specifically that the following ceilings/amendments be observed for the indicated expenditure items:
- Cultural Programmes- Kshs. 35million;
 - Kshs. 50million allocation for construction of model vocational training center at Muslim Primary School be reallocated to provide Kshs. 20million for rehabilitation of Kangemi Youth Polytechnic and Kshs. 30million for rehabilitation of CGHU Nursery;

- Kshs. 20million allocation for purchase of didactic materials/equipment/furniture for ECDE centres be reduced by Kshs. 5million and the amount be reallocated towards One Stop Youth Centre;
 - That rehabilitation of Dandora III Social Hall and equipping be struck off the budget and replaced thereof with construction of two social halls in Mathare Ward and Kabiro Ward and that the construction be undertaken in phases;
 - That the first phase in Mathare Ward to cost Kshs. 15million and Kabiro Ward to cost 10million totaling Kshs. 25million in the next financial year;
 - Kshs. 2.5million be allocated per ward for bursaries.
- vii. That the ceiling for the County Public Service Board be increased by Kshs. 10million and specifically that the following ceilings be observed for respective expenditure items: -
- Personnel Emoluments – Kshs. 35million;
 - Development – Kshs. 28million
- viii. That the development ceiling for the Public Service Management be revised as in Schedule 2 and specifically that the following ceilings be observed for the respective expenditure items: -
- Procurement & implementation of performance management system- Kshs. 20million;
 - Staff biometric system- Kshs. 50million;
 - Integrated human resource information system- Kshs. 50million;
 - Construction of customer care center- Kshs. 10million;
 - ICT platform for employee engagement- Kshs. 10million;
 - Renovation of offices-Kshs. 20million; and
 - Equipping of HR Centre- Kshs. 5million.
- ix. That the development budget for the Office of the Governor be revised as in the Schedule 2 and specifically that the following ceilings be observed for the respective expenditure items: -
- Digitization of records at the Central Registry- Kshs. 8million;
 - Fleet management –Kshs. 17million;
 - Construction of Sub County Offices to house representatives from all sectors- Kshs. 160million. Further that all other allocations in the budget for construction of ward offices be knocked off the budget;
 - Trucks for Sub County Administrators -Kshs. 85million;

- Legal Affairs Department (Kshs. 40million for construction of 1 court, Kshs. 15million for case management information system, Kshs. 10million for purchase of utility vehicles) - Kshs. 65million;
 - Recruitment of 330 askaris and firemen (the new recruitment are meant only to replace officers leaving officers due to retirement and natural attrition)– Kshs. 120million;
 - Security, Compliance and Disaster Management (Completion of ongoing projects Kshs. 94million, construction of 1 fire station Kshs. 50million, purchase of 2 utility vehicles Kshs. 9million and installation of CCTV cameras Kshs. 10million) - Kshs. 163million
- x. That the development budget for the Transport and Public Works Sector be revised as in Schedule 2 and specifically that the following amendments be affected in the sector budget estimates: -
- Kshs. 170million allocated for rehabilitation of John Osogo Road be knocked off the budget;
 - Kshs. 5million be allocated per ward for road maintenance;
 - Kshs. 5million be allocated for persons with disabilities transport access facilities;
 - Kshs. 600million of the contracted projects for the Transport and Public Works be completed and paid for by the end of the FY 2015/16;
 - Kshs. 50million be allocated for improvement of Tassia Roads;
- xi. That the development ceiling for the Trade and Tourism Sector be revised as in Schedule 2 and specifically that Kshs. 50million be allocated for construction of modern kiosks in the wards;

c) Medium Term Debt Management Strategy

- i. That the Assembly approves the debt management strategies underpinning the 2016 CFSP and the budget estimates and that the same remains binding for the next two financial years;
- ii. That the debt ceiling for the County Government be set at 15% of the County Government total revenues and measures be initiated to ensure that the County achieves that target by the FY 2025/26. Further that the actual County debt does not exceed the current figure of Kshs. 45.2billion and that the figure shall reduce gradually to meet the 15% threshold by the FY 2025/26;
- iii. That in compliance with Regulation 179 (2), the County Treasury shall set aside not more than 15% of the most recent audited and approved total county revenue for purposes of servicing county public debt.; and

- iv. That the County shall not accumulate any debt over the medium and that any officer who commits the County to a debt without the approval of the County Assembly shall individually be surcharged.

Mr. Speaker Sir, in conclusion and pursuant to the provisions of Section 117 (6), Section 123 of the Public Finance Management Act 2012 and Standing Order 206 (7) the County Budget and Appropriation Committee recommends that:


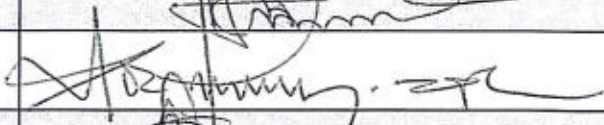
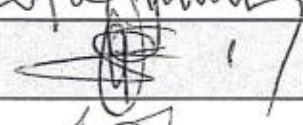

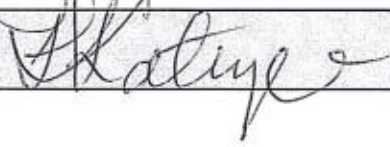
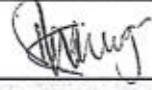
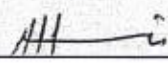
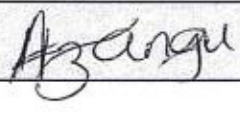
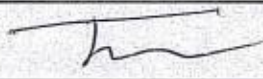

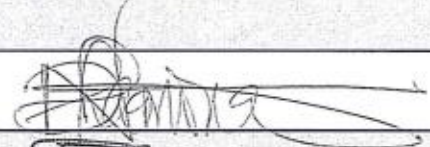
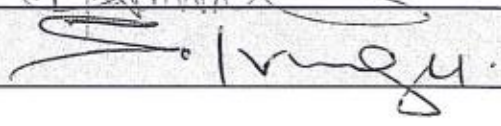
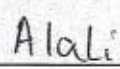
This County Assembly adopts the Nairobi City County Fiscal Strategy Paper for the FY 2016/17 and the Nairobi City County Debt Management Strategy Paper for the FY 2016/17

Schedule 1: Revenue Ceilings for the MTEF Period						
Revenue Head	Estimate 2015/16	Actuals		Projections	Projections	Projections
		July 2016	2015-March	2016-2017	2017- 2018	2018-2019
National Transfers Govt.	13,370	10,025		16,421	16,486	17,991
Rates	3,400	2,669		5,500	5,500	6050
Parking Fees	3,400	1,591		3,540	3,410	3,751
Single Business Permit	2,870	1,598		3,600	3,740	4,114
Building Permits	1,850	914		1,700	1,870	2,000
Billboards and Adverts	1,300	557		1200	973	1,071
Liquor Licenses	650	153		379	417	458
Rents	374	220		300	358	394
Eastlands	330	200		300	334	368
Decentralization-Wards	237	173		240	288	317
Lease Fees-NWSC	224	33		0	40	44
Other Markets	187	80		145	135	149
Wakulima Market	165	88		144	149	164
Fire Inspection Cert.	154	144		180	194	213
Regulation of Building/Change/Amal /Sub	150	102		260	162	179
Construction Site Board	100	148		200	326	350
Other Incomes	2,137	883		1,878	1,760	1,936
TOTAL	30,898	19,578		35,987	36,142	39,615

Schedule 2: Sector Expenditure Ceilings

	Sector	CFSP (2016/17)- Millions			Committee Recommendations			Change
		Recurrent	Capital	Total	Recurrent	Capital	Total	
1	County Assembly	1,553	150	1,703	1,553	150	1,703	0
2	County Public Service Board	85	20	105	87	28	115	+10
3	Governor's Office	4,915	300	5,215	5,569	520	6,089	+874
4	Finance and Economic Planning	2,921	100	3,021	2,821	100	2,921	-100
5	Environment and Forestry	1,686	600	2,286	1,560	970	2,530	+244
6	Health	5,450	1,100	6,550	5,450	1,100	6,550	0
7	Urban Planning and Lands	326	150	476	318	435	753	+277
	Urban Renewal and Housing	171	80	251	210	188	398	+147
9	Public Works and Infrastructure	1,473	4,300	5,773	1,373	4,856	6,229	+456
10	Education, Youth Affairs, Sports, Culture and Social Services	1,700	500	2,200	1,484	400	1,884	-316
11	Trade and Enterprise Development	663	700	1,363	663	550	1,213	-150
	PSM	1,345	30	1,375	1,345	115	1,460	+85
13	Agriculture and Livestock Development	314	200	514	384	150	534	+20
14	ICT, E-Government and Public Communications	155	150	305	305	150	455	+150
15	WDF Projects		1,643	1,643		1,643	1,643	0
16	World Bank Projects		1,430	1,430		1,430	1,430	0
17	Emergency Transfer Fund		80	80		80	80	0
		22,757	11,533	34,290	23,122	12,865	35,987	+1,697

We the undersigned Members of the Budget and Appropriations Committee affirm that this is the approved report of the Committee on the County Fiscal Strategy Paper for the FY 2016/17 and over the Medium Term:

NAME	SIGNATURE
1. Hon. Michael Okumu, MCA	
2. Hon. George Ochola, MCA.	
3. Hon. Fredrick Obenge, MCA.	
4. Hon. Caroline Muga, MCA	
5. Hon. Helen Katangie, MCA	
6. Hon. Osman Ibrahim, MCA	
7. Hon. Jackson Gikandi, MCA	
8. Hon. Kenneth Muroki, MCA	
9. Hon. David Kairu, MCA	
10. Hon. Catherine Akoth, MCA	
11. Hon. Herman Azangu, MCA	
12. Hon. Magdalene Mbogori, 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	

CLERK
 NAIROBI CITY
 COUNTY ASSEMBLY
 P. O. Box 45844-00100
 NAIROBI

