

# THE NAIROBI CITY COUNTY GOVERNMENT



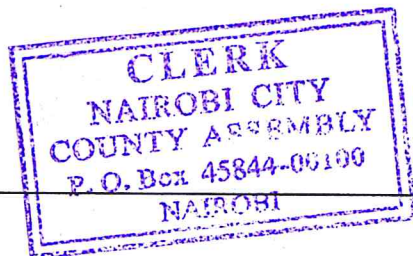
## THE NAIROBI CITY COUNTY ASSEMBLY

SECOND ASSEMBLY – SECOND SESSION

THE REPORT OF THE SECTORAL COMMITTEE ON TRADE, TOURISM AND CO-OPERATIVES

ON

THE CONSIDERATION OF THE COUNTY ANNUAL DEVELOPMENT PLAN 2018-2019-2020 FOR THE SECTOR OF COMMERCE, TOURISM AND COOPERATIVES



Clerk's Chambers,  
CITY HALL,  
**NAIROBI.**

Edition: October 2018

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## PREFACE

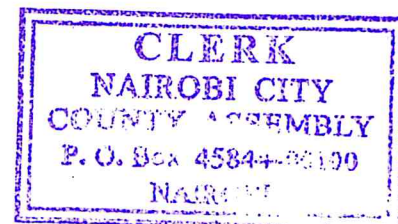
Hon. Chairman,

The Sectoral Committee on Trade, Tourism and Cooperatives is established under Standing Order No. 203 (1). Its mandate pursuant to Standing Order 203 (6) is to: -

- a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;
- b) study the programme and policy objectives of departments and the effectiveness of the implementation;
- c) study and review all county legislation referred to it;
- d) study, assess and analyse the relative success of the departments as measured by the results obtained as compared with its stated objectives;
- e) investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;
- f) vet and report on all appointments where the Constitution or any law requires the County Assembly to approve, except those under Standing Order 196(Committee on Appointments): and
- g) make reports and recommendations to the County Assembly as often as possible, including recommendation of proposed legislation.

The Committee comprises the following Members: -

1. Hon. Charles Thuo Wakarindi, MCA – Chairman
2. Hon. Jeremiah Karani Themendu, MCA – Vice-Chairman
3. Hon. Lawrence Otieno Odhiambo, MCA
4. Hon. Samuel Ng'ang'a Mwangi, MCA
5. Hon. Paul Ndung'u Irungu, MCA
6. Hon. Jayendra Virchand Malde, MCA
7. Hon. Maurice Ochieng Onyango, MCA
8. Hon. Naftaly Wagura Mathenge, MCA
9. Hon. Wilson Ongele Ochola, MCA
10. Hon. Benson Mwangi Macharia, MCA
11. Hon. Millicent Wambui Mugadi, MCA
12. Hon. Wilfred Oluoch Odalo, MCA
13. Hon. Redson Otieno Onyango, MCA
14. Hon. James Mwangi Wambui, MCA



15. Hon. Doris Ngoyo Kanario, MCA
16. Hon. Jacinta Wanjiru, MCA
17. Hon. Mary Njuguna Njambi, MCA
18. Hon. Cecilia Achieng Ayot, MCA
19. Hon. Eve Malenya, MCA
20. Hon. Jane Muasya, MCA

**Hon. Chairman,**

The Committee exercise oversight role on the work and administration of the Commerce, Tourism and Cooperatives Sector.

In accordance with the Third Schedule of the Standing Orders, the Sectoral Committee on Trade, Tourism and Cooperatives is mandated to consider all matters relating to: - *“trade development and regulation, including markets, trade licenses (excluding regulation of professions), fair trading practices, local tourism and cooperative societies, Betting and Casinos and other forms of gambling and liquor licensing”*.

On Wednesday 3<sup>rd</sup> October, 2018, Hon. Peter Warutere, MCA laid before the Assembly the County Annual Development Plan 2019-2020 pursuant to the provisions of Section 126 (3) of the Public Finance Management Act 2012. The County Annual Development Plan 2019-2020 was thereafter committed to the Sectoral Committees of the Assembly for scrutiny and make recommendations to the Select Committee on County Finance, Budget and Appropriations within twenty-one (21) days pursuant to the provisions of Standing Order 219 (3). The Select Committee on County Finance, Budget and Appropriations asked to report its recommendations to the Assembly pursuant to the provisions of Standing Order 219 (4).

**Hon. Chairman,**

This Report contains the deliberations of the Sectoral Committee on Trade, Tourism and Cooperatives on the County Annual Development Plan 2019-2020 and its recommendations to the Select Committee on County Finance, Budget and Appropriations.

In its examination of the County Annual Development Plan 2019-2020, the Committee was keen to examine the Sector’s achievements from the Sector Plans for the Financial Years 2016/17 and 2017/18, Sector’s development priorities, programmes and strategies.

Hon. Chairman,

In the County Annual Development Plan 2019-20 the Sector mentions to have implemented various projects in the financial years 2016/17 and 2017/18 such as rehabilitation of markets, several markets are under different levels of completion, equipping markets with measuring equipment where the equipment have already been acquired but awaiting completion of market construction works for the installation at New Wakulima Market, promotion of trade and market linkages where MSE exhibitions were held during Christmas and Easter bazaar, the Cooperative audit managed to carry out 778 audits and raised an audit fees amounting to Kshs. 14,875,950 in the FY 2017/18. While this could be true, it's evident that the Sector has performed dismally particularly in market maintenance and rehabilitation. In fact, in a meeting held between the Committee with the responsible County Executive Committee Member on Tuesday 23<sup>rd</sup> October, 2018, the Committee was informed that most of the Sector projects had stalled due to nonpayment where a pending bills report was forwarded to the Pending Bills Committee for approved.

Hon. Chairman

The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the County Assembly for the support and services extended to the Members while considering the Sector County Annual Development Plan 2019-2020

I am grateful for the Members of the Committee whose support enabled the Committee to accomplish this task. Special thanks to the Secretariat for their support at all times.

On behalf of the Committee, I now have the honour and pleasure to present this Report on the Examination of the County Annual Development Plan 2019-2020 for the Sector of Commerce, Tourism and Cooperatives to the Select Committee on County Finance, Budget and Appropriations for consideration

Thank You.

SIGNED ..... 

HON. CHARLES THUO WAKARINDI, MCA  
(CHAIRMAN)

DATE..... 31/1/19 .....

## 1.0 INTRODUCTION

Hon. Chairman,

01. On Wednesday 3<sup>rd</sup> October, 2018, Hon. Peter Warutere, MCA laid before the Assembly the County Annual Development Plan 2019-2020 pursuant to the provisions of Section 126 (3) of the Public Finance Management Act 2012.
02. Standing Order 219 (2) and (3) provides that the County Integrated Development Plan where the Annual Development Plans are derived from shall be deemed committed to the respective Sectoral Committees for scrutiny according to their mandates once it's laid before the Assembly and make recommendations to the Select Committee on County Finance, Budget and Appropriations.
03. The Select Committee on County Finance, Budget and Appropriations is required to consult each Sectoral Committee while considering the County Annual Development Plan and table its report containing its recommendations to the County Assembly for consideration.

## 2.0 EXAMINATION OF THE COUNTY ANNUAL DEVELOPMENT PLAN 2019-2020 FOR THE SECTOR OF COMMERCE, TOURISM AND COOPERATIVES

- 0.1 The Sectoral Committee on Trade, Tourism and Cooperatives held six (6) meetings to consider the County the Annual Development Plan with respect to the Sector of Commerce, Tourism and Cooperatives three of which were attended by the respective County Executive Sector officials.
- 0.2 The Committee was keen to identify the Sector's achievements in the prior financial years, the Sector's priorities and programmes in the proposed Annual Development Plan.
- 0.3 In the CADP, the Committee noted that the Sector claimed to have implemented various projects in the financial years 2016/17 and 2017/18 such as rehabilitation of markets, several markets are under different levels of completion, equipping markets with measuring equipment where the equipment have already been acquired but awaiting completion of market construction works for the installation at New Wakulima Market, promotion of trade and market linkages where MSE exhibitions were held during Christmas and Easter bazaar, the Cooperative audit managed to carry

out 778 audits and raised an audit fees amounting to Kshs. 14,875,950 in the FY 2017/18. While this could be true, it's evident that the Sector has performed dismally particularly in market maintenance and rehabilitation.

0.4 The Sector has listed the following as its key priorities in the ADP;

**a) Administration, Planning and Support Service**

General Administration, planning and support services cuts across the two sub-sectors.

The objective of this programme is to provide efficiency in service delivery in constituent departments and public through policies development for mobilization, allocation and management of resources. The Key priority areas;

- Coordinate the budget preparation, execution and implementation.
- Co-ordinate and facilitate the Performance Contracting
- Supported staff in training and development.
- Resolved public complaints and implemented safety measures at the work place
- Facilitate sound working environment through infrastructure development

**b) Trade Development and Market Services**

- To re-plan markets for the purchase of increasing market stalls.
- To manage County markets and control trading spaces.
- To maintain general cleanliness in all markets by doing fumigation & disinfection, issuing of linear bags/cleaning garbage loops and organizing clean-ups.
- Formulating and implementing the County Trade Policy;
- Undertaking business mapping for domestic & foreign investment;
- Providing technical and financial support to the micro & Small through the Joint Loans scheme;
- Disseminating business information to the public through information desks
- Facilitating the growth, development and graduation of Micro and Small Enterprises (MSEs) through
  - ✓ training & capacity building in entrepreneurship, value addition and processing
  - ✓ Establishing/developing incubation centres & Industrial parks
- Facilitating trade and investment promotion activities through trade fairs and exhibitions;

- promoting public-private sector partnerships for trade development;
- Promote E-commerce;

**c) Licensing and Fair trade practices**

- To regulate and promote businesses by issuing unified business permits.
- Enforcing all businesses contribute financing of service delivery activities through payments of licenses.
- Institutionalize the legal framework in line with the Constitution.
- Promote favorable investment through giving guidance and ensuring all businesses are registered.
- Promote ease of doing business in the County by improving the processes of issuing licenses.

**d) Betting and Gaming Control**

- Regulate and control betting, lotteries and gaming activities in the County
- Eradicate illegal gambling in the County
- Promote responsible gambling.

**e) Weights and Measures**

- Traceability of Trade measurements within the County to the National standards
- To promote fair trade practices and consumers' protection against false trade descriptions
- Formulation of County legal metrology policy and legislation to ensure an effective County legal metrology service
- Publicity of the legal Metrology activities
- Improve the capacity of weights and measures Department for effective service delivery
- Revenue generation

**f) Co-operative Development and Co-operative Audit**

- To promote co-operative development and management
- Enforcing compliance with the co-operative Act, Sacco Act and other subsidiary legislation.
- Promotion registration of new co-operative societies
- Inspections of the affairs of Co-operative societies
- Revival of dormant co-operative societies
- Capacity building for members and Co-operative Management Committees
- Hold consultative meetings/forums with Co-operative Leaders



- Assist in planning and attendance of Annual General Meetings
- Enforce compliance on SACCO remittance
- Implement policy and operational guidelines on co-operatives audit services
- Regulate and monitor compliance with the co-operative Act, Sacco Act and other subsidiary legislation
- Safeguard the savings of the members through investigation and annual audit of the cooperative societies.

g) Tourism

- To add value to the tourism industry by promoting Nairobi County as the preferred destination for local, regional and international tourists.

0.5 The Sector has listed the following as the development projects for the FY 2019/2010 some of which are spill over from the previous years, where some of them take more than 5 years to complete;

A) Commerce and Industrialization Sub-sector

Delivery Unit	Project description (2019/2020)	Expected Output	Budget Ksh (M)
Trade & Enterprise development	Establish Special Loans revolving fund	Increased access to finances for traders	30
	Purchase of one motor vehicle	Improved efficiency field monitoring & supervision	3
	Establish of business Information Centres	Increased growth of business	10
	Establish incubation centres	Increased technical capacity in the cottage industry	170
	Establish Cottage industry "Jua Kali" parks		133
	One Village One Product initiatives implemented	Increased productivity and employment creation	10
	Carry out a traders census	Increased efficiency in planning	6
	<b>Sub Total</b>		<b>362</b>

Market services	Rehabilitation/Reconstruction of existing markets five (5)	Improved functionality of Markets	100
	Construction of two (2) new markets	Increased trading utilities	800
	Construction of modern Kiosks in ten (10) Wards	Increased trading utilities	50
	Payment of pending bills	Reduced sector debt ratio	30
	<b>Sub total</b>		<b>980</b>
Trade licensing	Purchase of Motor vehicle	Increased SBP/UBP licensing compliance enforcement	3
	Purchase of inspection buses		5
	<b>Sub Total</b>		<b>8</b>
Betting & Gaming	Purchase of Motor vehicle	Efficiency in service deliver	3
	<b>Sub Total</b>		<b>3</b>
Weights & Measures	Construction of a metrology lab	Enhanced Compliance	150
	Construction of metrology offices and weighing centres in all sub counties	Offices constructed	240
	Acquire a mobile tank Calibration & verification units	Increased efficiency in service delivery	18
	Establish a weighing equipment Manufacturing cluster		210
	Equip centres with metrology tools Equipment		10
	Construction of a cold room		10
	<b>Sub Total</b>		
<b>Grand Total</b>		<b>1991.6</b>	

*NB: The trade development and market services programme has a high development budget which is expected to be financed by the National and County governments as well as other development partners and the private sector as will be agreed upon in the Trade policy on partnership in county development plans.*

B) Tourism and Cooperatives Sub-sector

Program	Output	Activities	Indicators	Baseline	Target	Budget Ksh (M)
Tourism Development	Increased Tourism Activities	Establish and Equip Tourism Information Centres	- Nairobi Tourism information available on-line - Publicity materials displayed for public use - Number of Tourists accessing information	0	2	9
	Vibrant tourism industry	Refurbishment of Tour Buses	- No of tourists taking the tours - No of tours conducted per month	0	2	14
	Vibrant tourism destination	Establish a Heritage Gallery	- No of Art items being displayed - No of heritage items preserved and displayed	0	1	10
	Increased Tourism Activities	Installation of Tourism Signage	- No of streets with Tourist signage -No of Tourist signs installed	0	1	5.4
Cooperative Development	Vibrant and self-sustaining Co-operative Societies	Development of a Customer Relations Software	-Cooperatives data available on-line -No of people accessing the information	0	1	2
Administrative support services	Efficiency in Service delivery	Purchase of motor vehicle	Certificate	0	1	3
			<b>Total</b>			43.4

0.6 During briefing of the Committee by the County Assembly Budget Office, the following were the submissions from the Budget Office;

The Sector's key strategic objectives as approved in the County Integrated Development Plan which included;

- Creation of an enabling environment for domestic and international trade and investment;
- Promotion of compliance with cooperative legislation;
- Improvement of effectiveness in issuance, control and regulate business licensing;
- Promotion of legal metrology and consumer protection; and
- Promotion tourism development in the County

On the linkage between the CIDP and the ADP, the Sector failed to link the ADP 2019/2020 to the approved CIDP as the programmes provided in the CIDP could not be trace in the ADP;

On the Sector achievement, in the FY 2017/18 the Sector planned to distribute loans amounting to Kshs.2million but distributed Kshs.6.8million, of concern was that the Sector reported that follow up on the Loanees was not done. The Sector was advised to develop regulations to govern the loans to be approved by the Assembly so as to ensure equity but the same was yet to be undertaken.

On the Sector development programmes, priorities and strategies, in the financial year 2019/2020, the Sector had only identified one program Trade Development Services where it expected to spent Kshs.2.650 billion towards implementation of four sub-programs;

- Trade Development services
- Trade Licensing services
- Gaming and betting Services
- Weights and Measures

The Budget office highlighted the following issues from the Sector

- The Sector had not identified a programme towards the implementation of Cooperative development, tourism and culture development and the same should be included in the ADP;

- The Sector did not provide a baseline in the implementation matrix to enable the Committee track implementation of projects, the Committee should advise that a baseline is included in the Matrix;
- Under the programme Trade Development Services the Sector intended to spend Kshs.1.525billion to achieve a target of constructing only 2 Markets. The Committee should audit the intended expenditure to avoid wastage of resources;
- A projection of Kshs.2.650billion in the ADP presents a huge growth from the Kshs. 318million approved for development in the FY2018/19. The Sector should be encouraged to prepare more realistic projections for development.

On revenue collection, the Sector projected to collect Kshs.939.9Million in revenues which was a decline from the Kshs.3.492 billion projected in the FY2018/2019. The Budget Office informed that there were many omissions on the report of the actual revenues realized in the FY2017/18 and the same should be filled to enable comparability and that projected revenues for Single business permits should be relooked and made more realistic.

On the public participation forums –the Budget office informed that the Sector did not indicate how the public was consulted or detail their input.

On monitoring and evaluation framework – the Budget Office stated that the Sector did not provide a summary of monitoring and evaluation indicators as required by the provisions of Section 47 of the County Governments Act 2012;

In conclusion, the Budget Office informed that the Annual Development Plan for the FY 2019/20 by the Sector contained material omissions. Besides only identifying one program, the Sector had largely ignored to present how it plans to implement its mandate in totality. Issues concerning Cooperative development, tourism development and liquor services were left out of the ADP. In addition, the Sector did not provide baseline figure to ensure comparability. Further, the ADP as presented by the sector does not demonstrate how it intends to implement the CIDP 2018/2022 as approved by the Assembly. The Office therefore urged the Committee to encourage the Sector to align the ADP with the approved CIDP by ensuring all programmes approved to be implemented in the second year are incorporated in the ADP.

0.7 The Committee held meetings with the County Executive on Tuesday, 23<sup>rd</sup> October, 2018, Tuesday 29<sup>th</sup> January, 2019 and Wednesday, 30<sup>th</sup> January where the County Executive officials briefed the Committee on the ADP. While briefing the Committee, the County Executive informed as follows;

- On revenue collection, the County Executive informed Committee on revenue collection for the previous two financial years and the projections. The Executive admitted of typo errors in the figures projected and committed to make corrections. The Committee sought to know the actual revenue collected for each market in the financial year 2017/18. In addition, there was no revenue for Betting and Gaming due to the court case where a ruling was determined and thereafter the County was to amend the Nairobi City County Betting, Lotteries and Gaming Act, 2014 to allow for the revenue collection;
- The County Executive informed that most of the Sector projects for the FY 2018/19 are work in progress and that the Sector will provide a report at the end of the second quarter of the financial year;
- On the revolving fund, the Sector informed that the loan issuance was suspended in October, 2016 and that since the fund was devolved from the National Government, the Sector could not issue loans due to lack of laws, which were being drafted by the Intergovernmental Technical Committee to be used in all the Counties;
- On Tourism, the Sector informed that the department has a strategic plan which to be incorporated in the Development Plan. The Sector registered the understaffing in the department thus hampering its operations;
- On Markets, the Sector informed that there was a demand for more markets in the County and that some markets funded by the National Government were not included in the County Integrated Development Plan 2018-22. The Sector was to make proposals for the amendment of the CIDP;
- On the public participation, the Sector informed that the public participation was done at the Sub-County level and at Charter Hall. *(the Committee could not ascertain the same)*

Following the issues raised by the Committee, the County Executive responded as follows;

That, the Annual Development Plan 2019/20 shall be implementing the second year plans of the current CIDP, subsequently, the programmes and projects should be in tandem with the second year plans. However, there were errors in some budget figures and activities which have been corrected;

That the Sector has commenced discussions with the National Government- Ministry of Trade, where the SME loan scheme has been domiciled for guidance and adoption of the SME loan scheme rules and regulations. In order to make this effective laws, we need a Nairobi City County Trade fund bill, which will regulate the operations of the loans board.

That the Kshs. 2.650b appearing in the CADP is the total Sector budget for the 5 year, the Sector envisages additional investments in the development of markets, in order to accelerate the growth in trading spaces. To this end, the Sector is cognizant of the fact that the County is not able to deliver the additional trading spaces required out of its own resources. Therefore, there is a need to engage partners like World Bank, National Government and other financiers to engage in market development.

That the intended expenditure of Kshs. 1.525 billion to construct 2 markets was allocated for 5 markets that were to be constructed in the first two years in the CIDP- (2018/19 & 2019/20).

That the Single Business permit projected revenue for the financial year 2019/2020 was erroneously entered as Kshs 3,500,000 instead of Kshs 3,500,000,000. The total should therefore be Kshs 4,436,400,000 and not 939.9 million;

That Public participation was planned by the finance and economic planning sector; they develop a programme for the activity at the ward level with representation in all sub counties. This was followed by the last one with various stakeholders in the charter hall on 20<sup>th</sup> August 2018.

### 3.0. COMMITTEE'S OBSERVATIONS

The Committee noted that there were several typos in the document as confirmed by the County Executive – several figures in the document had typographical errors. The Executive committed to rectify the errors.



The Committee noted that the Sector intends to hire buses for enforcement of licensing at a cost of Kshs. 7.6 million shillings. The Committee further noted that the Sector intends to carry out traders' census at a cost of Kshs. 6,000,000 which was to be a recurrent vote and not development.

#### 4.0 COMMITTEE'S RECOMMENDATIONS

The Committee makes the following recommendations to the Select Committee on County Finance, Budget and Appropriations for consideration;

- That the Sectoral Committee on Trade, Tourism and Cooperatives approves the County Annual Development Plan 2019-2022 for the Commerce, Tourism and Cooperatives Sector with the view of amending the CIDP to meet the increasing demand for markets in the County, completing all pending construction and rehabilitation of existing markets;
- That the Sector should purchase its own buses which is cost effective in long run instead of hiring buses;
- The process of carrying out traders' census at a cost of six million shillings to be recurrent and not development;