

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

SECOND ASSEMBLY-THIRD SESSION

NBI CA. PLC. 2018 / (029)

19th March, 2019

PAPER LAID

Pursuant to Standing Order 191 (6) I beg to lay the following Paper on the Table of the Assembly, today Tuesday, 19th March, 2019.

THE REPORT OF THE SECTORAL COMMITTEE ON TRANSPORT AND PUBLIC WORKS ON THE WORKSHOP HELD FROM 15TH TO 18TH NOVEMBER 2018.

(Chairperson, Sectoral Committee on Transport and Public Works)

Copies to:
The Speaker
The Clerk
Hansard Editor
Hansard Reporters
The Press

Approved for taking.
Sheep
Muscula

*Paper laid on
19/3/19 @
2:20pm,
S. M. Mwangi
Sec. Clerk
19/3/19*

THE GOVERNMENT OF NAIROBI CITY COUNTY



**NAIROBI CITY COUNTY ASSEMBLY
(SECOND ASSEMBLY – SECOND SESSION)**

**REPORT OF THE SECTORAL COMMITTEE ON TRANSPORT AND PUBLIC WORKS ON
WORKSHOP HELD FROM 15TH TO 18TH NOVEMBER 2018
AT FLAMINGO HOTEL, MOMBASA**

**CLERK'S CHAMBERS,
NAIROBI CITY COUNTY ASSEMBLY
CITY HALL,
NAIROBI.**

NOVEMBER, 2018

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1.1 PREFACE

1.1.1 Committee Mandate

Hon. Speaker,

The Sectoral Committee on Transport and Public Works is established under Standing Order No. 203, and its mandate amongst others, as outlined under the third Schedule includes to *investigate, inquire into and report on all matters related to County transport, including county roads, street lighting, traffic and parking, public road transport, county public works and services including storm water management systems in built-up areas.*

1.1.2 Committee Membership

Hon. Speaker,

The Committee on Transport and Public Works is composed of the following Members:-

1. Hon. James Mwangi Wambui, MCA **Chairman**
2. Hon. Mark Mugambi, MCA **Vice- Chairman**
3. Hon. Fredrick Njogu, MCA
4. Hon. Osman Adow, MCA
5. Hon. Patriciah Musyimi, MCA
6. Hon. Anthony Ngaruiya, MCA
7. Hon. Joyce Muthoni, MCA
8. Hon. Abdi Ibrahim Hassan, MCA
9. Hon. Paul Kados, MCA
10. Hon. Habiba Hassan, MCA
11. Hon. Evans Otiso, MCA
12. Hon. Kennedy Obuya, MCA
13. Hon. Stazo Elijah Omungala Angila, MCA
14. Hon. David Ayoj, MCA
15. Hon. Mary Mwami, MCA
16. Hon. Geoffrey Majiwa, MCA
17. Hon. Mark Ndung'u, MCA
18. Hon. Hafsa Khalif, MCA
19. Hon. Wilson Ochola, MCA

1.1.3 Background

The Committee held a two-day workshop from 15th to 18th October, 2018 in Mombasa. The objective of the work shop was to enable the Committee to undertake the following;

- a. To equip the Members with the knowledge of the Budget Making process in Kenya
- b. To enable Members to understand the Budget Documents - from CIDP, ADP, CFSP, Budget Estimates, Supplementary Estimates and the implementation of the Documents; and
- c. To enable the Members to gain skills on consideration and scrutinize the Budget Documents committed to the Committee;

By doing so, the Members' knowledge on the budget process and scrutiny will be enhanced and new approaches learnt to enable the Committee produce output that will have impact on the process and by extension, to the residents of the County. This workshop was expected to culminate into this report detailing the deliberations held and the way forward.

1.1.4 Acknowledgement

Hon. Speaker,

The Committee takes this opportunity to thank the Offices of the Speaker and of the Clerk of the County Assembly for the logistical support accorded to it in the execution of its mandate. Further, the Committee extends its gratitude to the Secretariat for their contributions during and after the workshop and compilation of this report.

Finally, on behalf of the Sectoral Committee on Transport and Public, it is my pleasure and duty to present to the Assembly, the Committee's retreat report pursuant to the Standing Orders of the County Assembly.

Thank you.

Signed 

**Hon. James Mwangi Wambui, MCA
(Chairperson)**

Sectoral Committee on Transport and Public Works

Dated this 5 day of 12 2018

2.1 DAY 1 OF THE WORKSHOP

2.1.1 Opening remarks by the Chairperson

The Workshop was officially opened by the Chairperson. He led the meeting through a round of introductions and subsequently, took the Committee through the key issues that would be covered in the workshop and encouraged the Members to sit through in order to gather sufficient valuable knowledge and have proper engagement with the facilitator. He welcomed and thanked the participants for availing themselves for the workshop. The Chairman wished the Committee fruitful deliberations ahead of the workshop.

3.0 PRESENTATIONS

3.1 OVERVIEW OF THE BUDGET PROCESS AND BUDGET DOCUMENTS

3.1.1 Introduction

On 16th November 2018, the workshop was facilitated by Mr. Joash Kosiba from the Parliamentary Budget Office who to the Members through an overview of the budget process and budget documents and the process of examining the CIDP, ADP and the CFSP which are the key preliminary documents in County budget process.

The Committee was informed that Chapter Twelve of the Constitution speaks broadly on the aspect of public finance and of interest was the principles of public finance whose intent was to instill values regarding management and administration public finances. The principles include:

- Openness and accountability;
- Promotion of equitable society;
- The burdens and benefits of the use of resources and public borrowing to be shared equitably between present and future generations;
- Public money to be used in a prudent and responsible way; and
- Financial management to be responsible and fiscal reporting to be clear

Further, subsidiary legislations, for instance, the PFM Act and the County Government Act provides for the procedure on how the County Governments can raise revenue and incur expenditures.

The role of the County Assembly in the budget process was not to be overemphasis because it is legally underpinned. The Assembly plays a critical role during the planning, approval, implementation and reporting stages of the process. At the centre of this,

are the Members of the County Assembly who are constitutionally mandated to oversight the use of public resources at the County level.

3.1.2 The budget statutes and their place in budgeting

It was reiterated that the budgeting process is anchored in the Constitution and the appropriation of public funds for the County commences with the passage of the annual Division of Revenue Act by Parliament which allocates funds to both levels of governments.

Subsequently and pursuant to Article 2018, Senate is required to pass the annual County Allocation of Revenue Act that allocates funds to the various Counties by a formula.

The PFM Act and the regulations, at this point spells out the responsibilities of institutions and elaborates the procedures. Subsequently, the Controller of Budget Act spells out the responsibilities of the Controller of Budget regarding the office's role on expenditure control both at the National and the County levels.

Further, the Public Procurement and Disposal Act comes in at this point to guide institutions on aspects of acquisition and disposal of assets and utilities.

Finally, the Public Audit Act sets out the role of the Office of the Auditor General to assess and recommend on whether procedures were/are followed and institutions are accountable for appropriation of public money.

3.1.3 The budget cycle/Medium Term Expenditure Frameworks (MTEF) Process

The Committee was informed that the MTEF is annual, rolling three year-expenditure planning. It sets out the medium-term expenditure priorities and hard budget constraints against which sector plans can be developed and refined. It also contains outcome aspect for the purpose of performance monitoring.

The process begins by the formulation of policies and plans (CDIP, ADP and CFSP), a process that is driven by the County executive Committee Member and the County Treasury with the approval of the County Assembly. Subsequently, the CEC prepares the budget estimates for approval by the Assembly too. By adhering to the approved revenue raising strategies, the County collects revenues and the same apportioned to spending units. Finally, the County Assembly and the Office of the Auditor General

ensures that the actual expenditure is as per the approved budget through their respective mandates.

3.1.4 CIDP and ADP

It was important to note that the County Integrated Development Plan (CIDP) is the five year plan that informs the annual planning document, the County Annual Development Plan (ADP) which must both get Assembly's approval. The ADP outlines the County's sectoral strategic priorities in order to inform the CFSP and County Budget Estimates. They are both to be submitted not later than 1st September.

The ADP contains the following information:

- Strategic priorities for the medium term that reflect the county government's priorities and plans;
- Description of how the county government is responding to changes in the financial and economic environment;
- Programmes to be delivered with details for each programmes
- Payments to be made on behalf of the county government, including details of any grants, benefits and subsidies that are to be paid;
- Description of significant capital developments;
- such other matters as may be required by the CoK, 2010

The CFSP on the other hand, is submitted not later than 28th February and sets out the broad strategic priorities and policy goals that will guide the County Governments in preparing their budgets both for the following financial year and over the medium term. It also proposes the expenditure limits for county executive and county assembly.

The paper is committed to the FBAC and all Sectoral Committees for scrutiny and the final report Tabled in the House and if approved, it informs the basis of the budget estimates.

3.1.5 Budget Estimates

The Counties are required to prepare the estimates in a programme-based format and submitted to the County assembly for scrutiny and approval by 30th April. The estimates are committed to FBAC and all Sectoral Committees for scrutiny and reporting to the House. The report forms the basis of the Appropriations Bill.

3.1.6 Key concepts in programme-based budgeting

- Impacts refers to the long-term effects of government interventions, what is expected to change.
- Outcomes represents changes to target communities or citizens occasioned by government interventions or the effectiveness of the interventions.
- Outputs are the public goods and services produced or delivered.
- Activities refer to a set of processes used to produce goods and services.
- Inputs refer what is used to produce the goods and services. They are the items of expenditure, e.g. finance, human labour, equipment.
- Budget Ceiling refers to the total expenditure limit set for a budget sector based on total available resources or the resource envelope.
- County Revenue Fund is a combination of accounts into which all County public funds are paid and retained until the county assembly decides on their application. It is established under Article 207.

3.1.7 The role of Committees budget estimates

The Committee was informed that Assembly Committees are at the centre of the process during the scrutiny, reporting and approval. The role of Committees include:

- Analyze overall budget expenditure in line with effect on the overall economy and Build up to achievement of the vision 2030 objectives and the millennium development goals;
- Scrutinize program key outputs, performance indicators and targets in line with PBB criteria;
- Analyze and approve the allocation per vote, Administrative department and County department in line with the overall budget allocation;
- Determine the deviation of overall ceilings and vote ceilings as set under the approved CFSP;
- Analyze sectoral performance of the previous budget per sector and department i.e. this involves determining the absorptions rate of resources and capacity to spend allocated funds, adherence to fiscal rules in the estimates; and
- Recurrent and development allocations for the county department and overall budget

3.2 REVENUE RAISING MEASURES

The Committee was informed that the Constitution sets out the sources of revenue for the County Government as outlined below:

- Equitable Share from the National Government which should be at least 15% of the most recently audited revenue raised nationally (Article 202(1) 203(2))
- Conditional and unconditional grants from the National Government share of revenue (Article 202(2))
- Equalization fund based on half of 1% of revenue raised nationally(Article 204)
- Local revenues in form of fees, charges, taxes e.t.c.; and
- Loans and grants.

3.2.1 The Equitable Share

This is the revenue that is raised nationally and shared between the two levels of Government through the annual Division of Revenue legislation and the Annual County Allocation of Revenue law.

The Committee noted that the sharing of the revenue amongst the 47 Counties is done using a formula that takes into account a number of parameters including population, equitable share, poverty index, land size, fiscal effort and the development factor.

3.2.2 Equalization Fund

The Committee noted that the Fund is an establishment of Article 204 of the Constitution whose purpose is to provide basic services including water, roads, health facilities and electricity to marginalized areas.

The Constitution mandates the Commission on revenue allocation to determine, review and publish policy on marginalized areas. For instance, in 2014, the CRA identified Turkana, Marsabit, Samburu, Wajir, Narok, Kwale, Garissa, Kilifi, Taita Taveta, Isiolo and Lamu as the marginalized Counties to benefit from the Fund for the first three years.

3.2.3 Conditional grants

The Committee was informed that these are funds used to implement County related funds on agreement with the County Governments bearing in mind that some of the County functions are augmented by the National Government.

This funds are shared among Counties and are determined by some factors but are not uniformly distributed. Some of the grants include:

- Level 5 Hospitals
- Free Maternal Health Care
- Leasing of Medical Equipment
- Emergency Medical Care
- Forgone User Fees
- Road Maintenance Levy
- Loans and Grants
- Construction of County Headquarters
- Rehabilitation of Youth Polytechnics

It was noted that Nairobi County benefits from the fund as grant to level 5 hospitals, development of village polytechnics, compensation of user foregone, leasing of medical equipment and road maintenance fuel levy.

3.2.4 Local revenue

The Committee was informed that the Constitution permits Counties to impose the following:

- Property rates;
- Entertainment taxes;
- Charges for services they provide; and,
- Any other tax or licensing fee authorized by an Act of Parliament

For Nairobi County, the following are the revenue streams that contribute to Own Source of Revenue (OSR):

- Property-related revenue
- Administrative fees & charges
- Business permits
- Vehicle parking fees
- Natural resources, exploitation &
- Conservancy
- Public health services
- Markets, trade services & slaughter
- Houses
- Public health & sanitation services

- Cess
- Water and Sewerage Services

3.3 BUDGET MONITORING AND OVERSIGHT

3.3.1 Introduction

On 17th November 2018, the work shop was facilitated by Mr. Joash Kosiba form the Parliamentary Budget Officer. The Committee was taken through the County Assembly’s role of monitoring and oversight of appropriation of County funds.

The Part 2 of Chapter Eleven of the Constitution establishes the County Assemblies as the guardians of public finances at the County level. It provides the checks and balances on the Executive Arm of the County Government.

3.3.2 Oversight

The Committee was informed that oversight is a concept and a tool that enables the Assembly to hold the government accountable over the use of public resources; protect rights and liberties of citizens; promote transparency, rule of law and good governance; improve efficiency and effectiveness in the use of public resources; and monitor milestones.

3.3.3 Office of the Auditor General

The Committee noted that Article 229 (4) of the Constitution give powers to the Auditor General to audit the County Government (County Executive and County Assembly) and its entities.

- The Auditor-General may audit and report on the accounts of any County entity that is funded from public funds.
- An audit report confirm whether or not public money has been applied lawfully and in an effective way.
- Audit reports are submitted to the relevant county assembly for scrutiny and reporting for action
- Within three months after receiving an audit report, the county assembly shall debate and consider the report and take appropriate action.

3.3.4 Tools of oversight

The Committee was informed that in the exercise of its oversight mandate, the County assembly has varied tools including:

- Inquiries and hearings

- Inspection visits
- Statements
- Quarterly reports
- Auditor-General ordinary and special reports

3.3.5 Monitoring and evaluation

The Committee was informed that whereas monitoring is a continuous function that uses the systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds, evaluation is the systematic and objective assessment of an ongoing or completed project, program, or policy, including its design, implementation, and results.

The aim of monitoring and evaluation is to determine the relevance and fulfillment of objectives, development efficiency, effectiveness, impact and sustainability.

The process of monitoring and evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process

3.3.6 Types of M&E indicators

The Committee noted that indicators are measurable variables of an aspect that are used to determine change in it over time through observation or measurement. In doing monitoring and evaluation, indicators are needed to observe whether the intended purpose or objective was achieved and by how much has it not met the objectives in order to inform remedial measures.

3.3.7 Role of the County Assembly in monitoring and evaluation of County budget

Although the County Assembly may not have the professional capacity to conduct M&E, but it is their responsibility to perform the following in its oversight role to ensure plans, policies and budgets are implemented as approves for the benefit of citizens:

- Monitor all county government policies and programmes to ensure efficient use of county resources;
- Improve the efficiency, economy, and effectiveness of county government's operations;

- Evaluate programs and performance of various County Departments to inform budget making;
- Detect and prevent poor administration, waste, abuse, arbitrary and capricious behavior, or illegal and unconstitutional conduct;
- Protect civil liberties and constitutional rights;
- Inform the general public and ensure that executive policies reflect public interest;
- Gather information to develop new legislative proposals or amend existing county laws; and
- Ensure administrative compliance with legislative intent.

3.3.8 Monitoring tools for County Assembly

The Committee was informed that the County Assembly and its Committees may exercise monitoring by applying the following tools at their disposal:

- Reports of the Auditor General;
- Committee reports on Statements, hearings, inquiries, inspection visits, meetings with the Sector;
- Reports from the County Sectors;
- Reports from the Office of the Controller of Budget; and
- Reports from the County Treasury.

4.1 CLOSING OF WORKSHOP

4.1.1 Way Forward

1. That the Committee to step up its oversight role by conducting site inspection visits of impact and engaging the Sector further over quarterly reports regarding roll out of budget in every financial year;
2. The Committee to apply the approaches discussed in scrutiny and examination of budget documents going forward;
3. The Committee to engage the National Government bodies in the transport sector, for instance, the Kenya Urban Roads Authority (KURA) regarding their work plan for Nairobi County as far as the Fuel Levy Fund is concerned; and
4. The Committee to also engage the Nairobi Regeneration Committee to enable them elaborate progress made as far as rolling out projects in the County is concerned.



4.1.2 Chairperson's Concluding Remarks

On behalf of the Committee, the Chairman thanked the Mr. Joash Kosiba, the facilitator who trained and led the Members in deliberations during the workshop on important aspect of financial and budget process in the County as well as conduct of effective oversight over implementation of approved County plans and budget. He also expressed gratitude to the Members and Staff of the Committee for ensuring that the retreat had been conducted in a manner that was orderly and fruitful. He finally wished all the participants safe journey back and he declared the retreat officially closed.



MINUTES OF THE 101ST SITTING OF THE SECTORAL COMMITTEE ON TRANSPORT
AND PUBLIC WORKS HELD ON 5TH DECEMBER, 2018 AT 11.30 A.M AT COMMITTEE

ROOM 8

PRESENT

1. Hon. Mark Mugambi, MCA Vice-Chairman
2. Hon. Fredrick Njogu, MCA
3. Hon. Paul Kados, MCA
4. Hon. Stazo Elijah Omungala Angila, MCA
5. Hon. Osman Adow, MCA
6. Hon. David Ayoi, MCA
7. Hon. Osman Khalif, MCA
8. Hon. Geophrey Majiwa, MCA
9. Hon. Anthony Ngaruiya, MCA
10. Hon. Hafsa Khalif, MCA
11. Hon. Jared Okoth, MCA

ABSENT

1. Hon. James Mwangi, MCA Chairman
2. Hon. Abdi Ibrahim Hassan, MCA
3. Hon. Joyce Kamau, MCA
4. Hon. Patriciah Musyimi, MCA
5. Hon. Mark Ndung'u, MCA
6. Hon. Wilson Ochola, MCA
7. Hon. John Kamau, MCA
8. Hon. Evans Otiso, MCA

SECRETARIAT

1. Mr. Inyundele Austin

COUNTY ASSEMBLY

Clerk of Committee

Agenda

1. Preliminaries(Prayer and adoption of agenda)
2. Adoption of the Committee's report on workshop held from 15th to 18th December 2018
3. Any Other Business
4. Adjournment

MIN. NO. 401/T&PW/DECEMBER/2018: Preliminaries

The meeting was called to order at 11.30 a.m. and began by a word of prayer said by the Vice Chairperson who subsequently welcomed the Members to the meeting.

The agenda of the meeting was read by the Vice-Chairman of the Committee and adopted by the Committee after being proposed by the Hon. Osman Adow and seconded by the Hon. Osman Khalif.

MIN. NO. 402/T&PW/DECEMBER/2018: Adoption of the Committee's report on workshop held from 15th to 18th December 2018

The Committee was informed that following the resolution of the Committee in the previous meeting that the final report of the Committee on the workshop held from 15th to 18th November 2018 be finalized and presented to the Committee by the Clerk of the Committee, the said report was ready and before the Committee for adoption.

In view of the above, the Vice- Chairperson requested that copies be circulated to all the Members for perusal upon which he led the Members in reading through.

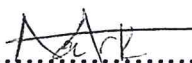
The Committee was satisfied that the report captured the proceedings of the retreat and adopted the report having been proposed by Hon. David Ayoï and seconded by Hon. Osman Khalif and signed by the Vice- Chairperson.

The report was to the Tabled in the Assembly for noting by the Members.

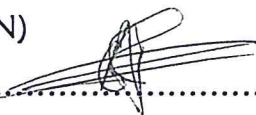
MIN. NO. 403/T&PW/DECEMBER/2018: Adjournment and Date of Next Meeting

There being no any other business, the meeting adjourned at 11.57 a.m. The next meeting would be communicated by the Clerk.

CONFIRMED AS TRUE RECORD.

SIGNATURE 
(CHAIRPERSON)

DATE 6/12/18

SIGNATURE 
(CLERK)

DATE 6/12/18