



NAIROBI CITY COUNTY ASSEMBLY

OFFICIAL REPORT

Second County Assembly – Sixth Session

Tuesday 31st May 2022

The House met at 9.30 a.m.

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

PRAYER

MOTION

ADOPTION OF THE COUNTY FISCAL STRATEGY PAPER AND DEBT MANAGEMENT STRATEGY PAPER

Hon. Speaker: Chair, Committee of Budget?

Hon. Robert Mbatia: Thank you Mr. Speaker. I beg to move that this assembly adopts the report of the Select Committee on County Finance, Budget and Appropriation for the Nairobi City County Fiscal Strategy Paper for the financial year 2022-2023 and the Nairobi City County Debts Management Strategy Paper for the same period.

Hon. Speaker, over the last four financial years, this Second County Assembly has tried to tinker the fiscal pendulum that is meant to have the net effect of altering the baseline position on revenues, expenditures and debt management. This has been undertaken through the County Fiscal Strategy Paper (CFSP) which is a policy document that provides the broad objectives and policy directions that could be considered in the preparation of the budget for the coming financial year and over the medium term. It also indicates the budget ceilings for the County Government for the medium term. This is the last CFSP that is due for consideration by this Second Assembly of the Nairobi City County.

Hon. Speaker, the recent hue and cry across the Kenyan political spectrum has been brought about by the growing concern that Kenya's debt figures are quickly jumping out of the safety net with economists raising alarm that unless a strong barrier is erected, the multiplier effect of a higher debt portfolio are likely to strangle the fragile Kenya economy. Arising from this national debate, the financial watch dogs in the country have been assertive that counties must not pick up some of the bad manners related to debt

management nationally. It is for this reason that there has been some strictness for settlement of pending bills.

It cannot be gainsaid that accumulation, utilization and controlling of proceeds of debts have a direct relation with proper execution of the other key tenets of the budget cycle. Mr. Speaker, the County Assembly therefore has a moral and legal duty to remind the institutions and demand of them that they have a statutory duty to ensure that debts are paid as and when they are due. In this regard, the CFSP indicates that the county debts as at 30th September 2021 equaled Kshs.79.1 billion implying that the level of debts has increased by Kshs.2.2 billion from 31st of December 2020.

Hon. Speaker, in summary, the Debts Management Strategy Paper of 2022 has not moved an inch from what the previous Debt Management Strategy Paper intended to roll out as a cure to the ballooning outstanding obligations. The paper still intends to rely on revenue enhancement, expenditure capping debts, assets swaps, debts restructuring, debt write offs as a mechanism of cleaning the county's debts portfolio.

Hon. Speaker, the CFSP has enumerated the funding structure of the budget for the coming financial year by providing projected figures for the various revenue streams, maximum expenditure numbers for each of the sectors and prioritization criterion in the allocation of the said resources. The CFSP indicates that there shall be sustained allocations for ear marked funds like the WDF, the Emergency Fund and the rolling out of the Bursary Fund.

As was in the CFSP of the year 2021, the County Government purposes to continue prioritizing nondiscretionary expenditures, put emphasis on completion of ongoing projects, honour debts obligations, take the views of the public, ensuring smooth end to the Deeds of Transfer of functions while remaining alive to the requirements to the fiscal responsibility principles.

Hon. Speaker in our recommendation on the policy measures, we propose that during the fiscal transition from Second to the Third County government, the Nairobi City County Government and the Nairobi Metropolitan Services shall prepare and make available a compendium of all projects both complete and ongoing.

Hon. Speaker, we also recommend that during the fiscal transition from the Second to the Third County government, the Nairobi City County Government and the Nairobi Metropolitan Services shall prepare and make available a list of all the pending bills.

Hon. Speaker, that we also propose and recommends under the policy measures that the Nairobi City County Government and the Nairobi Metropolitan Services implements and finalizes the previously budgeted for projects before initiating any new ones. That un-done projects contained in the County Integrated Development plan of 2017 to 2022 be the first priority projects for inclusion into the County Integrated Development Plan (CIDP) of 2023-2027. And that project implementation be done in line with approved county plans as aligned to the Kenya Vision 2030, the Medium Term plans, Budget Policy Statements and the Big Four Agenda.

Hon. Speaker, under the revenue projections, we propose that the revenue raising measures to be implemented in the financial year 2022/2023 be discussed and modalities of operationalization be agreed upon between the Nairobi City County Government and the Kenya Revenue Authority in line with the deed of transfer of functions. That during the fiscal transition from Second to the Third County government, the Kenya Revenue Authority shall prepare and make available a compendium of all revenue streams and their

respective collection methods, revenue collection platforms, revenue bank accounts and collections figures during the transfer period. Under revenue projections, we also propose that during the fiscal transition from the Second to the Third County government, the Kenya Revenue Authority shall prepare and make available a report on the weaknesses, strengths, challenges, opportunities and risks to the county revenue collection methods and accountability mechanisms.

Hon. Speaker, that in addition to the requirements of the Public Finance Management Act, 2012, the revenue raising measures be undertaken within the laid down framework of approved county legislations, that is the Nairobi City County Revenue Act of 2015, as amended through the Nairobi City County Finance Act of 2022; the Nairobi City County Revenue Administration Act, 2021 and the Nairobi City County Trade License Act, 2019. On the revenue and expenditure ceilings, Hon. Speaker, we propose the following; that the revenue and expenditure ceilings on schedules 1 and 2 attached to the CFSP to form the basis for the financial year 2022-2023 budget.

Hon. Speaker, under the Medium Term Debts Management Strategy, that the Assembly approves the Debt Management Strategies underpinning the 2022 CFSP and the budget estimates for the financial year 2022-2023 be subject to the following amendments; the proposed sale of idle county assets and earmarking of cess collections towards settlement of the KCB loan be disapproved.

Hon. Speaker, in conclusion and pursuant to the provisions of section 117 sub section 6, section 123 of the Public Finance Management Act 2012 and the Standing Order 221 sub section 7, the County Finance, Budget and Appropriations Committee, recommends that this County Assembly adapts the Nairobi City County Fiscal Strategy Paper (CFSP) for the Financial year 2022-2023 and the Nairobi City County Debt Management Strategy Paper (DMSP) for the financial year 2022-2023.

Hon. Speaker, as I beg to move, I want to request Hon. Matara to second me. Thank you Hon. Speaker.

Hon. Speaker: Thank you. Seconder!

Hon. Silas Matara: Thank you Hon. Speaker for this opportunity. First of all, I rise to second this Motion and I would like to extend my gratitude to the Chair of Budget Committee and his team for the well thought out Motion. They spent time burning midnight oil to deliver such a good document in this House. For that, Nairobians and the Assembly are thankful for the effort. I don't know whether it is because of cold or members are out there campaigning, but I know most of them are on the online platform, that is why the House is not full. It is my prayer and hope that they are successful in their engagements.

Hon. Speaker, when you look at the document before us, especially on the disapproval of selling of County assets so as to be able to clear off the loan to KCB, that is a good thought because as a County and as we grow, we will have more projects to implement. In as much as the assets are idle as they are referred to, we will lack spaces to implement the programs that we have for the County.

Hon. Speaker, I can also see from the document that they have been able to settle some pending bills amounting to Kshs. 5 billion or thereabout. It is my prayer that they get to put emphasis also on the WDF from the Executive side because the contractors are the ones who are lacking behind. But in general, the document is good. With those few remarks, I beg to second the Motion.

(Question proposed)

Hon. Speaker: Hon. Jeremiah on Zoom.

(Technical hitch)

It seems we have a problem with our gadgets. May I call the mover to reply since it is like most people are already in the campaign trail.

Hon. Robert Mbatia: Thank you, Mr. Speaker. As I reply, I want to thank your office for the support that you have given this committee during this very tricky moment and period.

I also want to pay gratitude to the members who have burned the midnight oil to have this have this important document in the budget cycle well prepared with substance. We held several meetings and they were all well attended.

Mr. Speaker, I also want to thank the Executive for the facilitation of the public engagement meetings that we had and also facilitating some of our sittings that exceeded the number of meetings that the Assembly allows. We were able to have several other meetings that were facilitated by the Executive. We also thank the Executive for forwarding the necessary documents that were required to prepare all these.

I also want to thank our Budget Office, which is part of your office, Hon. Speaker. I pick on that because during this period, they did a lot of research and running around because our availability was not as has been. I wish to thank the Fiscal Analysts, led by Eric and team, who did the exemplary.

I also want to thank the Hon. Members of this Assembly for the support they have given. I want admit that as we were preparing, they also gave their inputs. In between those meetings, the Chairs of several sectoral committees attended and even the members contributed in the preparation of this document.

Hon. Speaker, this is a very tricky period, and being a transitional period, we had to look into the documents, the CIDP of the previous years and saw the gaps that have been there.

That is why we recommend fully that whatever has been captured and has not been done in this current CIDP be the first or in the next CIDP that will be prepared by the next County Government.

Hon. Speaker, I want also to ask and to implore on your office that we need a lot of support during this period so that this transitional period can be very effective and easy. I would also want to comment on Nairobi Metropolitan Services that as much as there have been gaps we cannot compare with what the executive has been doing. We want to commend them for the work that they have been able to do, considering the resources that have been forthcoming.

Therefore, Mr. Speaker, I want to ask again that they push a bit especially on the environment and a bit of the thing. The Nairobian out there do not care whether we have money or not, whether we have facilitation or not. They want to see a clean environment and Nairobi City; especially CBD has not been very clean of late. We ask the NMS led by the Director-General to take the lead and make sure that Nairobi gets where it is intended to be, and not where they picked it from, because they have been keeping it clean but this last period they want to give it back to Nairobian as they found it. So we ask that they do not give it to us as they found but they give it to us as they intended it to be; a clean City under the Sun.

Hon. Speaker, we know that there has been a challenge on issues of finances because of the heat of COVID-19. I know that the resources have not been forthcoming but I would urge the NMS and the County Executive to prioritize the very important engagements and issues that need to be done during this period, so that we can at least hang on before we get to the next Government.

Having said that, I would also want to request that apart from this CFSP issue, I would request your office, I understood and engage with the County Executive and Finance, they indicated that there was a

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supplementary budget in place. Hon. Speaker these Members have been requesting bursaries and some projects have stalled that need finances to clear.

Therefore, we request it [supplementary budget] be brought forth to this Assembly; to the plenary. Wherever it is we request that it be brought so that the Members can get their bursaries and those stalled projects especially the WDF that Hon. Wahinya has been pushing me to give information so that they can be funded well and we can be able to clear all that. We know this very end of the financial year there are some funds that cannot be utilized whenever they are that is why it is a good thought to have a supplementary budget at the very tail end of a budget cycle.

Therefore, Hon. Speaker, I urge you personally to push from wherever the document might be or wherever it might be whether in the office of the Clerk, Table office or anywhere, let the supplementary budget be brought so that we can proceed and move fast so that we can have something for these Members and this County.

Hon. Speaker, I beg to reply and thank you very much.

Hon. Speaker: Thank you, Chairperson, and on my behalf I pass my gratitude to the committee and all other Chairperson of sectoral committees. I know it is not easy especially now that you have to sit down and look at those figures and at the same time your constituency are also pilling pressure especially when you are coming from the nomination of Hon. Members. I am glad that most of our Members managed to get the party tickets and they are in the race and I wish them well. We shall look into other concerns that you have raised to see that especially for Nairobian. We have to put the interest of Nairobian first, that even as we leave we make transitions transition process seamless and believe that service providers don't think they are gagged as we need the services.

(Question put and agreed to)

Hon. Speaker: Next order!

BILL

Second Reading

THE NAIROBI CITY COUNTY CIVIC EDUCATION BILL, 2021; ASSEMBLY BILL NUMBER 8 OF 2021

Hon. Speaker: Hon. Matara

Hon. Silas Matara: Thank you Hon. Speaker. I move this Bill for the Second Reading. That Nairobi City Civic Education Bill

Hon. Speaker: Chair, I understand that there is a technical issue hence we are yet to receive the report on the Bill. Is the Chair for Justice and Legal Affairs around to give an undertaking over it? Hon. Matara?

Hon. Silas Matara: Yes Hon. Speaker

Hon. Speaker: It is so unfortunate that we do not have the report...

Hon. Silas Matara: Hon. Speaker, I beg to raise a serious concern with the Clerk's office and his team. The Bill came to the House over six months ago and they made a commitment to address the concerns that they have. It is therefore quite unfortunate that six months later we are speaking of the same issue. We met together with the Chair of Justice committee and they promised to address the concerns yet they have not. I do not think that I should lose because of the misgivings of the committee or have them benefit from their own failure Hon. Speaker. As I conclude...

Hon. Speaker: A minute as I consult with the secretariat

Hon. Silas Matara: Hon. Speaker that whilst you are consulting it is my prayer that if they have any concerns then amendments will be done later on. This Bill gives life to the provisions of the Constitution and the County Governments Act and it is nothing new. We can proceed with it and have the committee amend it later.

Hon. Speaker: Hon. Member, I feel your agony having gone through the process of coming up with a Bill. I want to be stern with the Clerk's office that they need to be thorough in their work and ask that we shelve this matter for now and access because we may just find out that the Bill we are pursuing is inconsistent with other provisions. Hon. Matara, I will personally pursue this matter. Kindly let us take this matter back to the House business committee and come with a polished report in the next session. Is that in order?

Hon. Silas Matara: Most obliged Hon. Speaker.

Hon. Speaker: Thank you Hon. Member

ADJOURNMENT

Hon. Speaker: There being no other business, the House stands adjourned to today at 2:30 p.m.

The House rose at 11.10 a.m.