

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

SECOND ASSEMBLY-FOURTH SESSION

NCCA/T&J/2020 / (55)

8<sup>th</sup> October, 2020

PAPER LAID

Pursuant to Standing 191(6), I beg to lay the following Paper on the Table of the Assembly, today Thursday, 8<sup>th</sup> October, 2020.

- a) THE REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON CONSIDERATION OF THE NAIROBI CITY COUNTY FINANCE, BUDGET AND APPROPRIATIONS BILL, 2020

*(Chairperson, Select Committee on County Finance, Budgets and Appropriations)*

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

Approved  
8/10/2020

Paper Laid  
8th October 2020  
by ~~Speaker~~  
Leader of Majority  
NCCA



**COUNTY GOVERNMENT OF NAIROBI CITY**



**NAIROBI CITY COUNTY ASSEMBLY**

**SECOND ASSEMBLY – FOURTH SESSION**

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**27<sup>TH</sup> REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET  
AND APPROPRIATIONS**

**ON**

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**THE NAIROBI CITY COUNTY APPROPRIATION BILL 2020**

**OCTOBER 2020**

## 1. PREAMBLE

**Mr. Speaker Sir**, the end of product of a long budget process which commences sometime in September each year is the Appropriation Bill which acts as legal instrument allowing accounting officers to access and utilize funds from the County Revenue Fund. The legislature is periodically called upon to consider and approve the annual estimates of revenues and expenditures not only as a statutory duty but as gatekeepers of the County's public purse. This noble task ensures that the people are at the very center of utilization of the resources that they have entrusted in the hands of the government of the day.

To support this expansive mandate, the provisions of Standing Order 199 establishes the Nairobi City County Assembly Finance, Budget & Appropriations Committee with a specific mandate among which 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 programs with direct budget outlay

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

- |                                   |                    |
|-----------------------------------|--------------------|
| 1. <b>Hon. Robert Mbatia, MCA</b> | <b>Chair</b>       |
| 2. <b>Hon. Michael Ogada, MCA</b> | <b>Vice- Chair</b> |
| 3. Hon. Patrick Karani, MCA       |                    |
| 4. Hon. Nimo Omar, MCA            |                    |
| 5. Hon. Kariuki Wanjiru, MCA      |                    |
| 6. Hon. Anthony Ngaruiya, MCA     |                    |
| 7. Hon. Jacinta Wanjiru, MCA      |                    |

8. Hon. Joseph Mwangi Komu, MCA
9. Hon. James Kiriba, MCA
10. Hon. Daniel Ngengi Muturi, MCA
11. Hon. Susan Makungu, MCA
12. Hon. Catherine Okoth, MCA
13. Hon. Emily Oduor, MCA
14. Hon. Paul Ndungu, MCA
15. Hon. Nancy Muthami, MCA
16. Hon. Cecilia Ayot, MCA
17. Hon. Herman Azangu, MCA
18. Hon. Emapet Kemunto, MCA
19. Hon. Mellab Atemah, MCA
20. Hon. David Okelo, MCA
21. Hon. Osman Adow
22. Hon. Fredrick Onyango Okeyo
23. Hon. David Mberia
24. Hon. Elizabeth Nyambura
25. Hon. Kennedy Oyugi

### **Examination of the Appropriations Bill 2020**

**Mr. Speaker Sir,** during the consideration of this Appropriation Bill the Finance, Budget and Appropriations Committee held a number of sittings to review and discuss the published Bill during which the Committee was taken through the realignments that had been made to the approved budget to ensure that the Bill is responsive to the realities within the County. Further, the Committee held deliberations with the officers from the Nairobi Metropolitan Services and County Treasury to build consensus on the figures for appropriation to the transferred and other functions that are retained in the County Government. The Committee also received oral submissions from the Office of the Acting Clerk of the County Assembly through the Director Financial Services on the proposed adjustments made to the County Assembly budget.



## **Acknowledgment**

**Mr. Speaker Sir**, the Committee is sincerely grateful to: -

- a) Offices of the Clerk and the Speaker for the support received throughout this process;
- b) Sectoral Committees who reviewed the budget estimates for their respective Sectors;
- c) Officers from the County Executive, led by the County Treasury, who appeared before the Sectoral Committee and the Finance Committee for the purposes of making submissions on the estimates and the Bill;
- d) The team from the Nairobi Metropolitan Services who were continuously available to engage with the Committee on the Bill;
- e) Members of the Finance, Budget and Appropriations Committee who dedicated their time to ensure that the task of reviewing the estimates is done diligently and within the limited statutory timelines; and
- f) The County Assembly Budget Office who continually provided guidance to the Committee on the Bill.

**Mr. Speaker Sir**, it is therefore my utmost privilege and distinct honor on behalf of the Committee to table this report on the Nairobi City County Appropriations Bill, 2020 and recommend it to the Assembly for adoption.

**Signed**.....



**Date**.....

8<sup>th</sup> October 20

**Hon. Robert Mbatia, MCA**

**Chairman: Finance, Budget and Appropriations  
Committee**

## **II. SCRUTINY OF THE NAIROBI CITY COUNTY APPROPRIATION BILL, 2020**

### **2.1. Background Information on the approved budget for the FY 2020-21, Vote on Account and Appropriations Bill 2020**

- 1. Mr. Speaker Sir,** on Tuesday 30<sup>th</sup> June 2020 this County Assembly approved the annual estimates for the FY 2020-21 totaling Kshs. 31.43billion consisting of Kshs. 25billion for recurrent and Kshs. 6.4billion for development expenditures. In the approved budget the County Assembly had been granted total resource envelope of Kshs. 2billion consisting of Kshs. 1.409billion for recurrent and Kshs. 600million for development expenditures. The consideration of the budget for the FY 2020-21 marked the first time that the County Government was required to appropriate and indeed ensure transfer of resources to the National Government in line with the Deed of Transfer of functions executed pursuant to the provisions of Article 187 of the Constitution. The approvals for votes were meant to guarantee efficient delivery of services on critical areas of garbage collection, implementation of WDF projects, rolling out disaster mitigating measures, settling of pending legal fees, purchase of vehicles for various Sectors, making the County visible at the devolved units among others. The amounts approved were meant to be utilized by the County Treasury with some substantial resources being wired to the National Government for performance of transferred functions for service delivery to Nairobians.
- 2. Mr. Speaker Sir,** the approval of the budget estimates for the FY 2020-21 was succeeded by consideration of Vote on Account pursuant to the provisions of Section 134 of the Public Finance Management Act, 2012, which granted authority for the County Government to withdraw from the County Revenue Fund amounts not exceeding 50% of the approved budget estimates made up in the manner set out in the Vote of Account Schedule laid before the County Assembly. The approval granted to the tune of Kshs. 12.5billion was only meant for the purpose of meeting expenditure necessary to carry on the services of the Nairobi City County



Government and County Assembly during the financial year ending on the **30<sup>th</sup> June 2021** until such a time as this Appropriations Act for the financial year 2020-21 comes into operation.

3. **Mr. Speaker Sir**, the passage of the Vote on Account had been occasioned by the delay of the Senate to agree on and pass the Third Basis for Revenue Sharing Formulae which in effect delayed consideration and approval of the County Allocation of Revenue Bill, 2020. It needs no reminder that a County of Revenue Bill is an important piece of legislation as it determines horizontal allocations for Counties' equitable share of revenues, conditional allocations and the recurrent ceilings for the County Assemblies. The Committee therefore thought it would be improper to purport to budget for the County whereas the resources meant to fund more than half of the budget remains in contestation. The passage of the Vote on Account was therefore a temporary middle ground meant to ensure that the County does not grind to a halt during the interim period. Further, the County Assembly granted latitude for the stakeholders in the budget from within and outside the County to agree on how to fund the Nairobi Metropolitan Services within a framework consistent with the Public Finance Management Act and the Deeds of Transfer of functions from the Nairobi City County Government to the National Government. In the approval the County Assembly did not authorize any withdrawals towards development expenditures.

4. **Mr. Speaker Sir**, Parliament having passed both the Third Basis Formula for revenue sharing and the County Allocation of Revenue Bill, the appropriation Bill has therefore been submitted to provide legal basis for expenditure of amounts appropriated in the approved estimates for the FY 2020-21. However, given that the estimates were approved before County Allocation of Revenue Bill was passed by Parliament, the figures contained therein especially on the revenue side of the budget were statistically different and the County Assembly made the necessary adjustments on the approved budget. Further, during the approval of the budget the County Assembly had resolved that there is need to reduce allocations for Operations and Maintenance across all sectors then reallocate the amounts to



development programmes. Further, the Committee had resolved that the recurrent allocation for the County Assembly to Kshs. 1.409billion and development allocation be enhanced to Kshs 600.7million. To support persons living with disabilities, the County Assembly had resolved that resources be set aside to support related programmes.

## **2.2. Summary of Adjustments in the Appropriation Bill 2020**

5. **Mr. Speaker Sir** based on the need to align the County budget to the changing circumstances arising from the late passage of the relevant legislations on vertical allocation of resources from the national exchequer and horizontal disbursements to Counties, this Appropriations Bill has made a number of amendments to the approved budget for the FY 2020-21.
6. **Mr. Speaker Sir**, On the revenue side of the budget, Members may recall that this County Assembly approved total resource envelope of Kshs. 31.43billion consisting of Kshs. 16billion as equitable share of revenues, Kshs. 764.5million as conditional grants, Kshs. 14.65billion as internal revenue collection and there were no projected bank balances carried forward from the FY 2019-20. However, as at the cut off period for FY 2019-20 which was mid- July 2020 the County Revenue Fund had a bank balance of Ksh.290.4million which was not factored in the approved budget. Overallly therefore the total revenues available were projected to increase by Kshs. 197.9million compared to the approved budget for the FY 2020-21. Based on the foregoing there is therefore adjustments of the overall budget upwards to include this cash balances that remained unutilized at the end of the previous financial year. Further, the Committee has through this Appropriation Bill adjusted upwards the overall budget by Kshs. 3.5billion being amounts then remain undisbursed to the County by the end of the FY 2019-20. The Committee wishes to call upon the National Treasury to ensure that these amounts are disbursed to fund the transferred functions among other important service delivery areas to Nairobians.
7. **Mr. Speaker Sir**, On the expenditure side of the budget, the adjustments in the budget are meant to align it to changing realities. In summary the Appropriation Bill is meant to provide additional resources for legal fees, medical insurance,

allocation for persons living with disabilities. The Committee has considered the proposed adjustments to the approved budget, confirmed that they are aligned to the approved County Fiscal Strategy Paper 2020 and made further adjustments that shall be subject to the amendments in the amendments schedule.

### **2.3. The Appropriations Bill and the Nairobi Metropolitan Services**

8. **Mr. Speaker Sir**, subject to the Deed of Transfer of Functions from the Nairobi City County Government to the National Government, a number of key functions are now under the control of the National Government. Effective 17<sup>th</sup> of March 2020 the Nairobi City County Government relinquished its control over County Health Services, County Planning and Development Services, County Transport Services, County Public Works and ancillary services. In line with the provisions of Article 187 of the Constitution the County budget therefore had to be adjusted in a manner to is alive to these changing times. Of note is that the delivery unit of the functions now falls squarely within the armpit of the Nairobi Metropolitan Services (NMS) under the stewardship of the Director General. The Committee held discussions with the representatives of the NMS who submitted in no uncertain terms that the resources set aside for execution of the transferred functions would not be sufficient for service delivery. There were concerns that the allocations would not be adequate for payment of salaries for staff, operations and even rolling out of development programmes.
9. On the hand, **Mr. Speaker Sir**, the County Treasury reminded the Committee of the basic principle of public finance that resources are scarce and the same can only be shared on a need by need basis with proper costing and prioritization. The Committee believes this pulling in different directions is what the Deed of Transfer intended to solve by requiring that the National Government engages the County Executive on costing of the transferred functions before any budget document is submitted to the legislature for approval. The Committee encourages that service delivery should be a consultative and compromise process where all parties perform their functions in line with the underpinning legal obligations.



### **III. RECOMMENDATIONS**

10. **Mr. Speaker Sir**, having reviewed the Appropriations Bill, 2020 the Committee recommends that the following adjustments be made in the approved budget for the FY 2020-21 and effected in the Appropriations as contained in the amendments schedule attached: -

- a) Enhancement of the resource envelope by Kshs. 4.5billion including Kshs. 3.5billion being undisbursed balances from FY 2019-20 and Kshs. 1.04billion being unspent RMLF from previous financial year.
- b) Arrangement of the votes for transferred functions to ensure that budget for NMS is clearly discernible in the budget.

**Mr. Speaker Sir, in conclusion and pursuant to the provisions of Section 129 (7), 135, 154 of the Public Finance Management Act 2012 and Standing Order 228 the Select Committee on County Finance, Budget and Appropriations recommends that:**

**“This County Assembly adopts the Report of the Select Committee on County Finance, Budget and Appropriations on the Nairobi City County Appropriations Bill, 2020”**

## **SCHEDULE: COMMITTEE STAGE AMENDMENTS TO THE APPROPRIATION BILL, 2020**

Notice is given that the Hon. Robert Mbatia, the Chairperson of the County Assembly Select Committee on Finance, Budget and Appropriations, intends to move the following amendments to the Nairobi City County Appropriation Bill, 2020, (Assembly Bill No. 6 of 2020) at the COMMITTEE STAGE-

- 1) The First Schedule of the Bill be amended as follows -
  - a) In Vote No. R5312 under the Service on Security and Safety Management by deleting the supply of 2,024,373,136 and substituting thereof with the supply of 853,196,296.
  - b) In Vote No. R5312 under the Service on Management of Legal Affairs by deleting the supply of 515,422,578 and substituting thereof with the supply of 717,248,233.
  - c) In Vote No. R5312 by deleting the Total Supply of 5,539,776,650 and substituting thereof with the supply of 4,574,425,465.
  - d) In Vote R5314 under the Service on Public Financial Management by deleting the supply of 2,127,230,930 and substituting thereof with the supply of 1,498,047,330
  - e) In Vote No. R5314 by deleting the Total Supply of 3,213,231,649 and substituting thereof with the supply of 2,584,048,049
  - f) In Vote R5318 under Service on General Administrative Services by deleting the supply of 1,255,779,864 and substituting thereof with the supply of 1,605,779,846
  - g) In Vote No. R5318 by deleting the Total Supply of 1,626,066,203 and substituting thereof with the supply of 1,976,066,203.
  - h) By the deleting in their entirety the Programmes, Service or Purpose, Supply and Appropriations in Aid in relations to Votes R5315, R5316, R5317, R5323, R5324 and R5325.
  - i) By inserting thereof, a new Vote immediately after Vote R5327 as follows

<b>Vote</b>	<b>Service or Purpose</b>	<b>Supply</b>	<b>A-in-A</b>
	<b>Recurrent Expenditure</b>		
	The amount required for the year ending 30 <sup>th</sup> June, 2021 for the following programmes of the Nairobi Metropolitan		



	Services		
	Inspectorate Services	1,167,176,840	
	Public Finance Management	629,183,600	
	Health	6,718,940,646	
	Urban Planning and Lands	620,000,000	
	Public Works, Transport and Infrastructure	933,948,359	
	Environment, Water and Natural Resources	2,027,199,420	
	Urban Renewal and Housing	145,289,163	
	Ward Development Fund	30,000,000	
	<b>TOTAL</b>	<b>12,272,563,683</b>	

j) By deleting the Recurrent Total Supply of **23,950,166,623** and substituting thereof with the Recurrent Total Supply of **25,401,166,613**

2) The Second Schedule of the Bill be amended as follows -

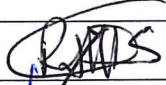
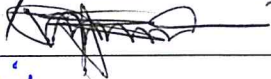
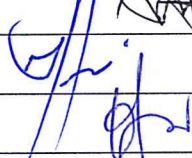

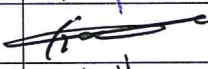


- i. In Vote No. D5318 by deleting the Total Supply of 572,515,995 and substituting thereof with the supply of 872,515,995
- ii. In Vote D5319 under the Service on Trade Development and Market by deleting the supply of 375,000,000 and substituting thereof with the supply of 525,000,000.
- iii. In Vote No. D5319 by deleting the Total Supply of 392,000,000 and substituting thereof with the supply of 542,000,000.
- iv. By the deleting in their entirety the Programmes, Service or Purpose, Supply and Appropriations in Aid in relations to Votes D5315, D5316, D5317, D5323, D5324 and D5325.
- v. By inserting thereof, a new Vote immediately after Vote D5327 as follows:

<b>Vote</b>	<b>Service or Purpose</b>	<b>Supply</b>	<b>A- in-Aid</b>
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	<b>Development Expenditure</b>		
	The amount required for the year ending 30 <sup>th</sup> June, 2021 for the following programmes of the Nairobi Metropolitan Services		
	Health	748,000,000	
	Urban Planning and Lands	120,000,000	
	Public Works, Transport and Infrastructure	3,630,000,000	
	Environment, Water and Natural Resources	650,000,000	
	Urban Renewal and Housing	350,000,000	
	Ward Development Fund	1,304,000,000	
	Energy and other auxiliary services	1,000,000,000	
	<b>TOTAL</b>	<b>7,802,000,000</b>	

- vi. By deleting the Development Total Supply of **7,431,465,995** and substituting thereof with the Development Total Supply of **10,521,465,99**
- vii. By deleting the Grand Total Supply of **31,381,632,618** and substituting thereof with the Grand Total supply of **35,922,632,608**

WE THE UNDERSIGNED MEMBERS OF THE SELECT COMMITTEE ON FINANCE, BUDGET, AND APPROPRIATIONS AFFIRM THAT THIS IS THE APPROVED REPORT OF THE COMMITTEE ON THENAIROBI CITY COUNTY APPROPRIATION BILL FOR THE FY 2020-21 AS ADOPTED BY THE COMMITTEE ON THE 8<sup>TH</sup> DAY OF OCTOBER 2020

1	Hon. Robert Mbatia, MCA	
2	Hon. Michael Ogada, MCA	
3	Hon. J.M Komu, MCA	
4	Hon. Emily Oduor, MCA	
5	Hon. Fredrick Okeyo, MCA	Okeyo
6	Hon. James Kariuki, MCA	
7	Hon. Catherine Okoth, MCA	
8	Hon. Osman Adow, MCA	
9	Hon. Wanjiru Kariuki, MCA	N.K
10	Hon. Susan Makungu, MCA	S.M
11	Hon. Nimo Haji, MCA	N.O.H.
12	Hon. Paul Ndungu, MCA	
13	Hon. Daniel Ngengi, MCA	N.N.
14	Hon. Anthony Ngaruiya, MCA	A.N.
15	Hon. Patrick Karani, MCA	
16	Hon. Nancy Muthami, MCA	
17	Hon. Herman Azangu, MCA	Azangu
18	Hon. Cecelia Ayot, MCA	C.A.
19	Hon. Mellab Atemah, MCA	
20	Hon. David Mberia, MCA	D.M
21	Hon. David Okello, MCA	Okello
22	Hon. Kennedy Oyugi, MCA	K/O
23	Hon. Emapet Kemunto, MCA	
24	Hon. Elizabeth Nyambura, MCA	
25	Hon. Jacinta Wanjiru, MCA	J.W

