

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

SECOND ASSEMBLY- FOURTH SESSION

NBI CA. PLC. 2019 / (067)

1st December, 2020

PAPER LAID

Pursuant to Standing Order 191, I beg to lay the following paper on the table of the Assembly, today Thursday 1st December 2020.

THE REPORT OF THE SECTORAL COMMITTEE ON ENERGY, INFORMATION, COMMUNICATION AND TECHNOLOGY ON JOINT RETREAT WITH THE ICT SECTOR AND NATIONAL BANK OF KENYA REGARDING THE NATIONAL BANK 5 – YEAR RUNNING AUTOMATED REVENUE COLLECTION CONTRACT WITH THE COUNTY GOVERNMENT.

(Chairperson, Sectoral Committee on Energy & ICT)

Copies to:
The Speaker
The Clerk
Hansard Editor
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The Press

*Paper Laid by
Melah Armonia
Deputy Minority
Leader
01/12/2020
Hansard
mca
Leader*

NAIROBI CITY COUNTY



NAIROBI CITY COUNTY ASSEMBLY

SECOND ASSEMBLY - FOURTH SESSION

**THE REPORT OF THE SECTORAL COMMITTEE ON ENERGY, INFORMATION,
COMMUNICATION AND TECHNOLOGY**

ON

**JOINT RETREAT WITH THE ICT SECTOR AND NATIONAL BANK OF KENYA
REGARDING THE NATIONAL BANK 5-YEAR RUNNING AUTOMATED REVENUE
COLLECTION CONTRACT WITH THE COUNTY GOVERNMENT**

**Clerks Chambers
Nairobi City County Assembly
City Hall Buildings
NAIROBI**

NOVEMBER, 2020

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1.1. Committee Mandate

Hon. Speaker,

The Sectoral Committee on Energy, Information, Communication and Technology is established under Standing Order No. 203, and its mandate amongst others, as outlined under the third schedule includes *“to consider all matters relating to:- “County electricity, gas reticulation and energy regulation, communication, information, broadcasting and Information Communications Technology (ICT) management.”*

1.2. Committee Membership

Hon. Speaker,

The Committee on Energy, Information, Communication and Technology comprises of the following Members: -

- | | |
|----------------------------------|-------------|
| 1. Hon. Geoffrey Majiwa, MCA | Chairperson |
| 2. Hon. Anthony Ngaruiya, MCA | |
| 3. Hon. Osman Adow, MCA | |
| 4. Hon. Catherine Okoth, MCA | |
| 5. Hon. Alvin Palapala, MCA | |
| 6. Hon. Millicent Mugadi, MCA | |
| 7. Hon. Mellab Atemah, MCA | |
| 8. Hon. Jane Muasya, MCA | |
| 9. Hon. Maurice Gari, MCA | |
| 10. Hon. Mwangi Njihia, MCA | |
| 11. Hon. Nancy Muthami, MCA | |
| 12. Hon. James Mwangi, MCA | |
| 13. Hon. Doris Kanario, MCA | |
| 14. Hon. Peter Gikonyo, MCA | |
| 15. Hon. Emily Oduor Odenje, MCA | |
| 16. Hon. Jackline Opondi, MCA | |
| 17. Hon. Clarence Munga, MCA | |
| 18. Hon. Kabiru Mbugua, MCA | |
| 19. Hon. Mark Mugambi, MCA | |
| 20. Hon. June Ndegwa, MCA | |
| 21. Hon. Millicent Jagero, MCA | |
| 22. Hon. Elizabeth Nyambura, MCA | |
| 23. Hon. Carolyne Mayunzu, MCA | |
| 24. Hon. Mary Njambo, MCA | |
| 25. Hon. Patrick Logedi, MCA | |

1.3. Objectives of the retreat

Hon. Speaker,

The Committee undertook a joint retreat with the ICT Sector and National Bank of Kenya to deliberate on how the National Bank 5-year running contract with the County to provide automated revenue collection would be handled within the Revenue Policy Framework which was adopted by the County Assembly on **Thursday 16th July, 2020**. The retreat was held from **29th July to 1st August, 2020**. At the end of the retreat, the participants were expected to:

- i) Fully understand the operations of the existing Nairobi City County revenue system and to understand how the sector will accommodate the new revenue system and how it relates with Kenya Revenue Authority (KRA) in regards to the said system.
- ii) To understand how the National Bank of Kenya (NBK) running contract with the County shall be handled with the adopted County revenue policy frame work.

1.4. Acknowledgements

Hon. Speaker,

The Committee takes this opportunity to thank the Offices of the Speaker and of the Ag. Clerk of the County Assembly for the logistical support accorded to it in the execution of its mandate. Further, I thank the Members of the Committee for their commitment during the workshop which contributed vastly to the compilation of this report.

Finally, on behalf of the Sectoral Committee Energy, Information, Communication and Technology, it is my pleasure and duty to present to the Assembly, the Committee's report pursuant to the Standing Orders of the County Assembly.

Thank you.

Signed 

Hon. Geoffrey Majiwa, MCA
(Chairperson)

Sectoral Committee on Energy, Information, Communication and Technology

Dated this 26.....day of... Nov.....2020

2.1. Opening remarks by the Chairperson

The Workshop was officially opened by Hon. Geoffrey Majiwa MCA Chairperson of the Committee on Energy, Information, Communication and Technology. He welcomed and thanked the County ICT and National Bank of Kenya officers for availing themselves for the workshop and introductions were made. In his remarks, he noted that at the end of the workshop, the Committee would have better understood how the National Bank of Kenya (NBK) running contract with the County would be handled with the adopted County revenue policy frame work

2.2. Presentations

2.2.1. Overview of the Nairobi County revenue collection system

The CEC informed the Committee that the County administration decided to outlet extra revenue collection system to reduce revenue loss. At the time, Jambopay was contracted and had the technology to provide that mechanism. At the end of the five year run, the Assembly made a resolution for the termination of that contract due to audit queries amongst other reasons.

Within the given time frame the contracting processing and tendering, was done and the National Bank of Kenya was contracted. More so, apart from the technology, they were also to provide banking solutions in terms of the revenue collections. The County then got into an agreement contract valid for five years, setting out the various channels that the bank needed to provide i.e. electronics payment solutions, collection and receipting.

The CEC highlighted that the money collected from that platform was held by National Bank of Kenya and the entire amount was transferred within 24 hours to the County Revenue Fund Account at the Central Bank of Kenya. He mentioned that with the other service providers, users had to load money in a wallet and pay for the service.

It was worthy to note that Jambopay would deduct their commission at source which was against the principles of the PFM Act and NBK bills the County on the services offered at the end of the month against the collections undertaken.

The Committee learnt that the data base architecture of all activities concerned with revenue were owned by the County and that they are run by LAIFOM which are currently being replaced. The Committee further learnt that NBK provide the County with additional channels which updates this box i.e. mobile money, interbank transfers etc.

The CEC informed the Committee that the County does not have backup system in cases of system's outage whereby revenue collection cannot be done. However, if the system goes the County take the same period, same day the previous year and quantify the loss and NBK pays for the loss incurred. It was mentioned that downtime could also be caused by the bank's operations with Safaricom. Since the bank could not have any reduction in the bandwidth for Nairobi County Safaricom provided it confirmed bandwidth

Regarding the ease to log in the system and monitor the amount collected for a specific period and from various specific revenue source, Members were informed that the dash boards go to the authorized revenue collection officers who in turn reports on the revenue collected. In cases where the *235# USSD wasn't available a mobile application that we have brought out by the bank and a web portal are used.

The Committee learnt that a big part of those downtime was caused by LAIFOM itself and that the County has contracted a third party to improve its maintenance. Part of the system instability happened where it was being hosted due to power outages hence slowing it down.

2.2.2. Outline on the NBK 5-year contract with the County

The CECM responsible for ICT informed the participants that the National Bank of Kenya running contract with the Nairobi City County Government entailed providing the technology and services for effective revenue collection and to transfer the collected revenue to County Revenue Account (CRA) at the Central Bank.

He further informed the Committee that the County got a new partner, KRA who were mandated to provide management services for revenue collection. He added that KRA took over the County revenue collections systems that were run by the National Bank of Kenya.

improvement since that's the responsibility of KRA.

In a meeting of the ICT Sector with KRA and NBK an outline for the technology currently in use and the channels to be used to enforce revenue collection was extensively conversed. The Committee learnt that there was no formal communication from KRA to the Sector on their new revenue collection system.

The Committee learnt that since March there has been increase in revenue collection by the system run by the NBK and that KRA had not so far collected revenue on behalf of the County i.e. the systems currently used by KRA to collect revenue were the existing ones.

Issues raised in KRA running a new system were;

- Installation and maintenance costs;
- cost implication of termination of the RCMS would be about Kshs 320 million;
- termination or varying national bank's contract would be hefty;

2.2.3. Services rendered to the County by the National Bank of Kenya

NBK representatives highlighted the services rendered to the County as follows;

- i) Automating Revenue Collection and Value Added Financial Services for Nairobi City County Government effective from 10th June 2019 for 5 years;
- ii) Provides billing, receipting, issuance of licenses/permits/seasonal stickers, remediation (payment corrections, reversals), monitoring and enforcement, and reporting dashboards and portals;
- iii) Provided a physical server at the NCCG data center, deployed 500 mobile enforcement gadgets, and stationed personnel at City Hall to support the billing and receipting operations of the cash office;
- iv) Provided internet connectivity to all deployed mobile enforcement gadgets;
- v) Provided awareness materials ranging from canopies, posters, fliers, to media adverts.

2.2.4. NBK performance since June, 2019

- i) NBK provides automated revenue collection system through mobile application USSD and all those other automated channels;
- ii) Implemented a revenue collection reporting, monitoring systems and dash boards;

- iii) Trainings to all County revenue officers between January and February, 2020;
- iv) Provided quarterly reports to the County;
- v) Digitized and enhanced application and issuance on food handlers;
- vi) Conducted road shows publishing initiatives in all sub-counties and marketing printed materials.

2.2.5. Challenges faced by NBK in revenue collection

- i) Lack of/ few enforcement officers in the field;
- ii) Covid – 19 challenges especially on the issue of curfew and collections of business permit has been very low;
- iii) PSVs not paying which was linked to Covid - 19 period;
- iv) Getting full details of non-complaint of businesses who have not paid for permits;
- v) Lack of enforcement in business permits, fire permits and land rates;
- vi) Issuance of liquor licenses;
- vii) Lack of public awareness on the County services provided by NBK;
- viii) Backlog i.e. pending historical data that has not been posted into LAIFOMS.

2.2.6. Closing remarks by the Chairperson

The Chairman, on behalf of the Committee thanked the ICT Sector officers and NBK representatives for availing themselves to the retreat. He maintained that generally the workshop was very educative, well-coordinated and there was cooperation by the Members, noting the well attendance by Members.

3.0. CONCLUSION AND RECOMMENDATIONS

At the end of the retreat, the Committee learnt that KRA fully depended on revenue collection system offered by the National Bank of Kenya. Consequently, the Committee made the following recommendations:-

- 1. That the National Bank of Kenya continue to provide Automated Revenue Collection and Value Added Financial Services for Nairobi City County Government as it has done since the commencement of its contract with the County in June, 2019;**

