

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

**SECOND ASSEMBLY
(FIFTH SESSION)**

NCCA/TJ/PL/2021(32)

26th October 2021

PAPER LAID

Hon. Speaker, Pursuant to Section 118 of the Public Finance Management Act, 2012, I beg to lay the following Paper on the Table of the Assembly today, Tuesday 26th October 2021:

**— NAIROBI CITY COUNTY BUDGET REVIEW AND OUTLOOK
PAPER FY 2021.**

(The Leader of Majority Party)

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

*Tabled by Majority
leader on 26/10/2021
W. K. K. F. C. A*

NAIROBI CITY COUNTY

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City Hall,
P.O Box 30075-00100,
Nairobi, KENYA

FINANCE AND ECONOMIC PLANNING

RE: CECM(FEP)/AIE/ran/166/2021

19th October, 2021

The County Clerk
Nairobi County Assembly
NAIROBI



RE: COUNTY BUDGET REVIEW AND OUTLOOK PAPER 2021

Pursuant to Section 118 of the Public Finance Management Act 2012, forwarded herewith please find the County Budget Review and Outlook Paper 2021 for your further action.

A handwritten signature in blue ink, likely belonging to Allan Esabwa Igambi.

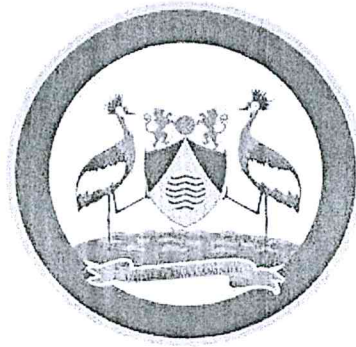
ALLAN ESABWA IGAMBI
COUNTY EXECUTIVE COMMITTEE
FINANCE AND ECONOMIC PLANNING

*Tabled on 26/10/2021
2.30 pm by Majority lead
A. Hill R.C.A
C.*

*P.C.A. LAD
Highly forward to today
D. Hill R.C.A
F. Hill*

D/L.S.
Prepare for Today.
A. Hill
As. Clerk
22/10/21

NAIROBI CITY COUNTY



COUNTY BUDGET REVIEW AND OUTLOOK PAPER

SEPTEMBER 2021

Tabled by Majority
leader on 26/10/2021
2.30 pm.
~~10/10/2021~~ Wille F.C.A.

FOREWORD

The Financial Year 2020/2021 was a unique year, characterized by tough health challenges due to the Covid-19 pandemic, which in turn led to diminishing fortunes economically. The content of this BRP is evident enough that the consequence of the pandemic had far reaching impacts, not only to the household level where individuals suffered economically for basic needs, but also to the county government which could not meet its revenue targets and therefore affecting implementation of the budget. Largely the continued effects of the pandemic will continue to affect the domestic economy and by extension Nairobi as a county.

The implementation of the FY 2020/2021 budget was not successful as envisaged, and achievement of county development targets were largely hampered by falling own source revenues and delayed transfers by the National Treasury. Total revenue targets including national treasury transfers amounted to Kshs 29.6Billion against target of Kshs 37.8billion in the FY 2020/2021. This was largely attributed to nonperformance of own source revenues which the outturn fell short of target by about 40%.

Total actual expenditure based on transfers from the County Revenue Fund and spending from Appropriations In Aid amounted (Liquor Board) amounted to Kshs 30.1billion. The transferred functions accounted for over 33% of the total. In the last supplementary budget an amount in excess of 10.8 billion was allocated for payment of pending bills. The County Government, however, remain resolute to increase spending towards development, in order to achieve the development targets as espoused in the CIDP 2018-2022. Further, the county remains committed to ensuring prudent management of public resources and operating within the fiscal responsibility principles stated in the Public Finance Management regulations.

This CBROP remains significant in reviewing our previous performance, as well as shape our fiscal outlook in the medium term by providing provisional sector ceilings. It is my hope and plea that all actors in the NCC join, to ensure the grim picture portrayed here in is halted and reversed

ALLAN ESABWA IGAMBI

CECM-FINANCE AND ECONOMIC PLANNING

NAIROBI CITY COUNTY

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LIST OF ABBREVIATIONS

ADP	ANNUAL DEVELOPMENT PLAN
CBROP	COUNTY BUDGET REVIEW OUTLOOK PAPER
CBK	CENTRAL BANK OF KENYA
CIDP	COUNTY INTEGRATED DEVELOPMENT PLAN
CFSP	COUNTY FISCAL STRATEGY PAPER
DANIDA	DANISH INTERNATIONAL DEVELOPMENT AGENCY
EPZ	EXPORT PROCESSING ZONE
FY	FINANCIAL YEAR
GDP	GROSS DOMESTIC PRODUCT
GOK	GOVERNMENT OF KENYA
ICT	INFORMATION COMMUNICATION TECHNOLOGY
JKIA	JOMO KENYATTA INTERNATIONAL AIRPORT
KENHA	KENYA NATIONAL HIGHWAY AUTHORITY
KURA	KENYA URBAN ROADS AUTHORITY
NCCG	NAIROBI CITY COUNTY GOVERNMENT
NHC	NATIONAL HOUSING CORPORATION
NSSF	NATIONAL SOCIAL SECURITY FUND
PFMA	PUBLIC FINANCE MANAGEMENT ACT
SBP	SINGLE BUSINE+SS PERMIT
SSA	SUB SAHARAN AFRICA
OSR	OWN SOURCE REVENUES

SECTION I: INTRODUCTION

1.1 Legal Basis for the Publication of the Budget Review and Outlook Paper

The Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Financial Management Act, 2012. The law states that

- (1) The County Treasury shall prepare a County Budget Review and Outlook Paper in respect of the County for each of the financial year and submit the paper to the County Executive Committee by 30th September of that year.
- (2) The Budget Review and Outlook Paper shall include:
 - a) Actual fiscal performance in the previous year compared to the budget appropriation for that year;
 - b) The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;
 - c) Information on any changes in the forecasts compared with the County Fiscal Strategy Paper; and how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year;
 - d) Reasons for any deviation from financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.
- (3.) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.
- (4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall—
 - a) Arrange for the Paper to be laid before the County Assembly; and

1.2 Fiscal responsibility principles in the Public Financial Management Law

b) In line with the constitution, the Public Financial Management Act 2012 sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law under Section 107 states that:

- 1) The County government recurrent expenditure shall not exceed the county government's total revenue.
- 2) Over the medium term a minimum of 30% of the county government's budget shall be allocated to development expenditure.
- 3) The county governments expenditure on wages and benefits to employees shall not exceed a percentage of the county government's total revenue by regulations.
- 4) Over the medium term, the government's borrowings shall only be used only for the purpose of financing development expenditure only; and short term borrowings shall only be restricted to management of cash flows and shall not exceed five (5%) of most recent audited county government revenue,
- 5) The County debt shall be maintained at a sustainable level as approved by County assembly.
- 6) Fiscal Risks shall be managed prudently
- 7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in future.

1.3 Objectives of County Budget Review and Outlook Paper

1. The objective of the 2021 County Budget Review and Outlook Paper is to provide a review of the fiscal performance in the financial year 2020/2021 and how this impacts the financial objectives and fiscal responsibility principles. This together with updated macroeconomic outlook provides a basis for the revision of the budget in the context of Supplementary Estimates for FY 2021/2022 and the broad fiscal parameters underpinning the FY 2022/2023 budget and the medium term. Details of the fiscal framework and priorities will be firmed up in the County Fiscal Strategy Paper 2022/2023.
2. The document further provides indicative sector ceilings for the FY 2022/2023, the Medium Term, and these sets in motion the budget preparation for the same period. Sector ceilings are based on the projected resource envelope and will be firmed up in the CFSP 2022/2023.
3. The FY 2021/2022 estimates will be anchored on the CIDP 2018-2022 while taking into account the regeneration initiative of Nairobi and in support of the Big Four Agenda, and also focused in contributing the achievement of the vision 2030. Therefore, expenditure priorities shall be aligned to programmes that support Big Four Plan and the regeneration of Nairobi within the confines of the constitutional mandate of the Nairobi City County Government.
4. The revenue performance the FY 2020/2021 has important implications on the 2021/2022 budget estimates in respect to revenue shortfall. To remedy this 2020 County Budget Review Outlook Paper will focus on methodologies of boosting revenue and minimizing expenditure mostly non-essential ones.

1.4 Organization of the Document

5. The rest of the document is organized as follows;

Section II provides a review of the fiscal performance in financial year 2020/2021 and its implication on the financial objectives set out in the last CFSP 2021.

Section III provides highlights of the recent economic developments and the outlook.

Section IV provides the resource allocation framework and

Section V conclusion

SECTION II: REVIEW OF FISCAL PERFORMANCE IN 2020/2021

2.1 DEVELOPMENT PRIORITIES FOR THE FY 2020/2021

6. Prioritization of resource allocation was based on the County Integrated Development Plan, broad development policies of the County Government as well as the medium-term priorities identified during the countywide public consultative forums. The development objectives stipulated in the CFSP for FY 2020/2021 were under pinned by the CIDPs eight point development agenda, and geared towards achieving the following:

Area (I): Governance and Stakeholder Participation

7. Sustainable economic development and growth is largely influenced by good governance that seeks to best deliver the expectations of the people in a timely, efficient and predictable manner. Furthermore, good governance is a major ingredient for attracting quality investment that is expected to trigger economic development in the County. The Government sought to further entrench gains made in inculcating principles and values of good governance. These include; Accountability, Transparency, Excellence, Accessibility, Integrity, Responsiveness, Teamwork and Equity.
8. To bolster the above the government targeted improvement of stakeholder participation in policy development, enacting of appropriate legislation for good governance, and corruption eradication in all its forms

Area (II): Financial Sustainability

9. The county targeted to ensure long-term financial principles In line with Article 226 of the Constitution of Kenya and the Public Finance Management Act 2012. To achieve this, the county focused in improving revenue management through embracing both automation and innovation in revenue collection, development of legislation related to revenue collection, and integrated of revenue collection systems through an ERP.
10. On the other side, the government targeted prudent application of public resources for maximum returns to the public. In this regard, ongoing reforms in public procurement was accelerated in

2019/20 to guarantee value for money in each expenditure. New approaches to reduce non-essential expenditure was to be embraced in this financial year.

11. To achieve this financial sustainability, the County treasury is endeavoring to enhance budgetary resources towards Economic Planning in order to facilitate timely production and dissemination of development plans, research, production and dissemination of County statistics as well as regular monitoring and evaluation. Additionally, sector-wide capacity development on project design, Planning and Management will ensure that only projects with the highest propensity to address priority socio-economic concerns facing Nairobians receive funding.

Area (III): Institutional Transformation

12. The county intends to accumulate the gains of the ongoing culture change programme in order to ensure that the County Government has put in place systems to ensure that the entire organization shifts gear from the grim image that has persisted for long.
13. Embracing the results based Approach in all county operations was a priority in the FY 2020/2021. In furtherance of this practice sector performance targets were agreed upon, RRI teams constituted and the practice of Monitoring & Evaluation across all departments.

Area (IV): Physical infrastructure and services

14. In order to ensure sustained economic transformation, and a competitive City economy, the government prioritized to accelerate the pace for investment in Road network expansion and maintenance, street lighting, energy, expansion of non-motorized transport facilities and traffic decongestion.
15. The medium term target in traffic management was to decongest the city, enhance pedestrian safety through increased non-motorized facilities and efficient traffic management systems.
16. Street lighting programme was also prioritized in 2020/2021 to build on the gains achieved in the previous years. In this regard, the Government was keen on developing and rolling out a green building promotion programme in order to diversify into other eco-friendly energy sources, promote the adoption of more efficient energy infrastructure such as LED lights and implementation of a maintenance programme for energy infrastructure.

17. A well-functioning drainage system is a major safeguard for road infrastructure, property and lives of people during flash floods, which have become more regular and heavier in impact over the last few years. Improvement of the drainage system was also prioritized to accompany road maintenance and construction
18. The County prioritized upscaling the capacity for provision of clean and safe water, improve sanitation conditions in order to meet rising demand for these services because of rapid population growth. Further investment in expansion of the sewer line and management of solid waste remained a priority

Area (V): Social and Community Development

19. The government recognizes the important role played by the social sectors of Education and health in making sustainable socioeconomic transformation a reality. A well-coordinated and fully functional social package will reduce the burden of economic shocks on households and enhance access to services by most Nairobians. In this regard, the Government will continue investing in quality and accessible healthcare services and free quality early childhood education as well as strengthening the social protection programmes. This investment will target the Youth, Women, Children and People living with disabilities for social inclusion.
20. Nairobi County government is leading the way to making universal health coverage a reality in line with the Kenya Health Policy (2014-2030) and the Kenya Health Sector Strategic and Investment Plan, through rapid health infrastructure expansion, acquisition of specialized equipment and capacity building, we continue to register impressive gains in this sector. improved access to high quality free maternity services in all our facilities remains a key priority in this sector.
21. The government is committed to ensure access to quality education is guaranteed. The county therefore prioritized provision of free ECDE to all, which will be coupled with construction of ECD classes and provision of didactic materials. To boost transition in from both primary and secondary schools, bursaries will be offered to clever but needy students to keep them in school.
22. Housing needs for the City stand at 100,000 units annually. In order to mitigate this demand, the County government seeks to complete the redevelopment no of old estates through urban renewal

program. The targeted estates are: Old Ngara, Jevanjee, New Ngara, Suna Road, Uhuru, Pangani and Ngong Road.

23. Other investments towards improvement of social sectors include development of sports and recreation through construction of stadia and social halls, artistic and cultural development through festivals and art exhibitions, library development and equipping, and expansion of crematoria services.

Area (VI): Safety and Environment

24. The Government is committed to guaranteeing a safe and secure environment for residents, investors and workers to operate in. In this regard, resources will be invested in security surveillance, intelligence gathering, personnel training and equipment. The city inspectorate department will be modernized to achieve a trustworthy and recognized law enforcement status that strictly observes human rights in the discharge of their mandate. This sector will require a lot of collaboration with members of the public, National security agencies and other development partners to actualize. Management of disasters and provision of emergency services remain a key priority for the county.

2.2 OVERVIEW OF FISCAL PERFORMANCE

16. Total revenue collections in the financial year 2020/2021 amounted to Ksh. 29.6billion against a target of Ksh. 37.88billion which is an achievement of 80% of the total. The underperformance was largely attributed to underperformance of own source revenues and non-remittance of the road maintenance levy fund and other conditional grants. The effects of the COVID-19 pandemic continued to affect the revenue collection from own source revenues.
17. Total expenditures on a commitment basis amounted to Ksh. 30.135 billion against the revised budget of Ksh. 37.9 billion translating to an absorption rate of 79.55%. The improved absorption from the previous year is largely attributed to the payment of a huge stock of pending bills. However due to the effects of COVID on revenue collections in regard to own source revenues, the absorption fell short of the target by about 20.5%.

Parking Fees

22.. The total cumulative receipts from parking fees amounted to Ksh. 1.56 billion against a target of 2.8 billion therefore recording a deviation from target of Ksh. 1.24 billion or **44 % deviation from target**). In order to optimize revenues from parking fees, there is need to enhance supervision as well as increase enforcement. The demand for parking in the county has outpaced supply and therefore parking demand is relatively price inelastic. Rise in parking fee should therefore attract a commensurate rise in parking revenue.

Single Business Permits

23. Total collections from single business permits in FY 2020/2021 amounted to Ksh. 1.65 billion against a target of Ksh. 2.6 billion, **a deviation of 36 % from the target**. The underperformance was due to: poor enforcement; invasion by unscrupulous business people; inaccuracy of records on business establishments, undercharging based on e-payment system, and slow pace of devolution of this stream to the sub-counties. However, enhanced enforcement and sealing off the leakages will help improve revenue collection. There is also need to carry out a baseline census on business establishment in the County to establish accurate records for proper projections to enable optimize revenue from this stream,

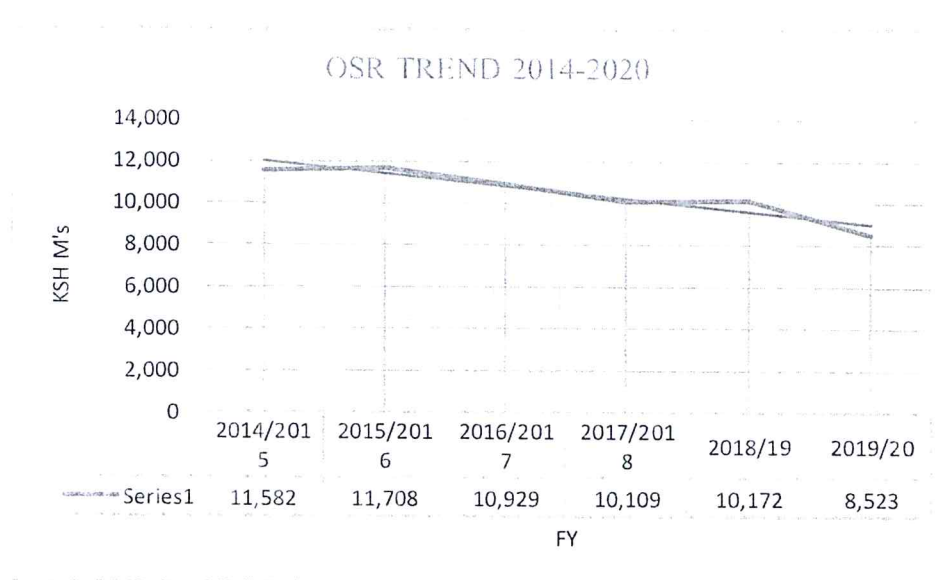
Building Permit

24. Total collections in the FY 2020/2021 amounted to Ksh. 713 Million against a target of Ksh.1.5 billion (**or 52 % deviation from the target**). The decline and continued low outturns in this stream can still be attributed to non-disclosure and adherence of county building regulations; weak enforcement of building standards and regulations; undervaluation as it's based on user own assessment; collusion & evasion and lack of awareness on requirements for building approval. In order to enhance revenue from this stream, there is need for use technology and increase in enforcement of building regulations.

Advertisements & Bill Boards

25. The total accumulated revenues for billboards and advertisements as at June 2021 was Ksh. 736 million against a target of Ksh.1.2 billion (**or 39 % deviation from target**). This revenue stream can be improved by enhancing monitoring all billboards by leveraging on private sector expertise in monitoring billboards. Overall, the entire revenue administration systems requires a major overhaul to enhance improve efficiency and effectiveness in revenue management.

Figure 1 Actual Revenues from 2013/2014-2019/2020



Reasons for Failure to Achieve Target in 2020/2021

The underperformance in Revenue collection in FY 2020/2021 was largely attributed to the Covid 19 pandemic, which resulted to reduced activities both by the government and the public. The second half of the FY was largely characterized by reduced movement due to cessation, and staff working from home as due to the advisory to combat Covid 19. It necessary to note that revenue peaks in the second and third quarters. Other factors that contributed to the underperformance of the revenue including:

- I. Effects of Covid-19 in the economy
- II. Lengthy and difficult payment process
- III. Unreliable and unintegrated collection platforms
- IV. Erratic shut down of system by the service provider
- V. Inadequate facilitation for revenue mobilization
- VI. Inadequate revenue policies, regulations and legislation (weakness in enforcing compliance)
- VII. Lack of or inaccurate payers data
- VIII. Uncoordinated collection operations from the three entities (NCCG/NMS/KRA)
- IX. Non compliance with conditionalities by donors

Other challenges experienced include and not limited to:

- a) Lack of access to the new collection system Nairobi Revenue System (NRS)
- b) Lack of access to the new revenue collections bank account opened at Equity bank
- c) Lack of integration of NRS with other system (NBK & LAIFOMS)
- d) Incomplete integration of NBK system and LAIFOMS
- e) High cost of collections (commissions and direct costs)
- f) Taxing of the County revenues by KRA

Revenue Raising Measures to Achieve Targets for FY 2021/2022 to 2024/2025

The County Treasury has proposed strategies for enhancing revenue includes and not limited to:

- a) Carry out vigorous Public awareness campaign through electronic and print media, barazas, posters to inform the citizen on all the County dues, amount payable, how to make payment, when due and the consequences of being in default in order to enhance compliance by the citizens
- b) Fast track the implementation of the new Integrated County Revenue Management System (ICRMS) that has ability to integrates with all platforms (NRS/(RevenueSure/*647#/Mpesa) to replace LAIFOMS for efficient, easy to use and convenient to the customer with ability to update payers records on real time and produce reports for effective monitoring, evaluation and take immediate remedial action whenever adverse variance is noted
- c) Establish a steering committee to oversee the three entities (NCCG/NMS/KRA) involved in County revenue collections and have a proper revenue management structure for a seamless revenue collections and handle any emerging challenges
- d) Implementation of the Nairobi City County Revenue Administration Act
- e) Allocated adequate resources for revenue mobilization
- f) Enact and develop laws, regulations and policies for all revenue streams and have legal framework for enforcement and compliance on/by defaulters
- g) Cascade the revenue targets for each stream to sub county, ward and individuals
- h) Enhance supervision and monitoring of the collectors and take immediate remedial action whenever negative variance is recorded.
- i) Continuous inspections in all sub counties/wards for compliance, issuance of demand and arrest notices in case of defaults and carryout enforcement upon expiry of the notices
- j) Engage stakeholders eg SACCOs, Business communities, residence associations etc to enhance compliance through self-regulating
- k) Real time monitoring of the collections and taking immediate remedial actions

2.3 EXPENDITURE PERFORMANCE

26. Total expenditures by commitments in financial year 2020/2021 amounted to Ksh. 30.14 billion against a target of Ksh. 37.88 billion. The under absorption was recorded in both recurrent and development expenditures out of the total expenditure, the development was Kshs 5.63 billion and the recurrent was Kshs 24.51 billion was utilized for recurrent expenditure. Recurrent expenditure accounted for the larger share of the total expenditure as a result of the settlement of pending bills.

TABLE 4: Total Expenditure for FY 2020/2021

DESCRIPTION	Approved	Revised	Actual	Deviation	% Absorption
RECURRENT					
County Assembly	1,409,977,879	1,805,319,467	1,805,301,492	-17,975	100
County Executive	10,345,450,717	21,146,351,184	16,543,122,672	-4,603,228,512	78
Nairobi Metropolitan Services	14,907,081,689	6,159,657,349	5,863,662,865	-295,994,484	95
Liquor Board	200,000,000	294,339,821	294,328,552	-11,269	100
Total Recurrent	26,862,510,285	29,405,667,821	24,506,415,581	-4,899,252,240	83
DEVELOPMENT					
County Assembly	600,000,000	50,652,405	17,284,143	-33,368,262	34
County Executive	1,169,465,995	3,352,414,707	1,394,742,749	-1,957,671,958	42
Nairobi Metropolitan Services	9,023,000,000	5,023,000,000	4,217,202,994	-805,797,006	84
Liquor Board	50,000,000	50,000,000	-	-50,000,000	-
Total Development	10,842,465,995	8,476,067,112	5,629,229,886	-2,846,837,226	66
Total Expenditure	37,704,976,280	37,881,734,933	30,135,645,467	-7,746,089,466	80

Source: County Treasury, 2021

27. Wages and salaries to staff including the County Assembly constitutes a bigger percentage of the total recurrent expenditure. This implies that a huge portion of the recurrent expenditure goes to salaries and wages and therefore less resources are available for service delivery. Urgent measures therefore needs to be taken to reduce the wage bill in order to free resources for service delivery

Expenditure by Sectors

28. Total expenditures by sectors amounted to Ksh.30.13billion against a target of Ksh. 37.88 Billion (Or 38 % deviation from the target. Development expenditure was the most affected across all sectors as reflected in the (Table 5).

TABLE 5: Expenditure by Sectors FY 2020/2021 (Ksh. M's)

SECTOR	Revised			Actual			Absorption		
	Recurrent	Capital	total	Recurrent	Capital	total	Recurrent	Capital	Total
5311;COUNTY PUBLIC SERVICE BOARD	76	35	111	65	29	94	86	83	85
5312; OFFICE OF GOVERNOR & DEPUTY GOVERNOR	4,916	161	5077	4,440	49	4489	90	30	88
5313; ICT, E-GOVT & PUBLIC COMMUNICATIONS	192	291	483	151	107	257	79	37	53
5314; FINANCE & ECONOMIC PLANNING	9,484	820	10304	6,684	318	7002	70	39	68
5315; HEALTH	1,073		1073	626		626	58		58
5316; URBAN PLANNING AND LANDS	218		218	147		147	67		67
5317; PUBLIC WORKS ,TRANSPORT & INFRASTRUCTURE	95	745	840	87	324	412	92	44	49
5318;EDUCATION,YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES	1,740	130.2	1870	1651	55	1706	95	42	91
5319; TRADE,COMMERCE,TOURISM & COOPERATIVES	469	372.4	841	318	98	417	68	26	50
5320;PUBLIC SERVICE MANAGEMENT	1,393	11.4	1404	1,281	9	1290	92	77	92
5321;AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	306	70.2	376	224	5	229	73	8	61
5322; COUNTY ASSEMBLY	1805	50.65	1856	1,805	17	1823	100	34	98
5323; ENVIROMENT,WATER,ENERGY & NATURAL RESOURCES	804	350	1154	542	343	885	67	98	77
5324;URBAN RENEWAL AND HOUSING	34		34	15		15	43		43
5325; WARD DEVELOPMENT PROGRAMME	17	367	384	12	58	70	70	16	18
5326; EMERGENCY FUND	330		330	300		300	91		91
5327; LIQOUR LICENSING BOARD	294	50	344	294		294	100	0	86
5328;NAIROBI METROPOLITAN SERVICES	6,160	5,023	11,183	5,864	4,217	10,081	95	84	90
TOTAL	29,406	8,477	37,883	24,506	5,629	30,135	83	66	80

Source: County Treasury 2021.

FISCAL DEFICIT

29. The Revised Budgets for FY 2020/21 was Ksh. 37.88 Billion respectively financed from both external and internal revenues and cash balances from the previous financial year. Total cumulative revenue collection was Ksh. 29.6 billion excluding cash balances therefore occasioning a fiscal deficit of Ksh. 7.6 billion due to shortfalls in both external and local revenues. The County is paying attention to the factors that affected revenue collection with a view to reverse this trend in the FY 2020/2021 while pursuing additional strategies to grow revenues in the medium term.

PAYABLES

30. The provisional debts owed to third parties as at 30th June 2021 stood at Ksh. 78 billion. This include debts owed to statutory bodies, merchants and litigation, loan from KCB bank, contingent liabilities and loan guaranteed by the government. The debt trend has been increasing from the year 2014 largely due to interests and penalties charged to statutory creditors.
31. The county government should therefore ensure that both the level and rate of growth in debt is fundamentally sustainable since high debt portfolio will continue to impact negatively on the county operations. This can be done by reducing county expenditure at the same time coming up with mechanisms to increase revenue. In addition, more funds should be allocated in the budget for debt serving.
32. Further, the county government should initiate a renegotiation plan with the statutory bodies especially LAPTRUST on interests and penalties for quick servicing of the debt.

Outstanding creditors as at 30th June 2021

		30th June 2020	30th June 2021	Net Change
1	STATUTORY			
	KRA(all taxes)	1,151,105,635	751,105,635	-400,000,000
	NSSF	381,157,936	381,157,936	0
	NHIF	0	0	0
	LAP TRUST	14,991,522,504	17,409,978,315	2,418,455,810
	LAPFUND	19,675,599,049	23,099,753,034	3,424,153,985
2	UTILITIES			
	KPLC	649,053,085	477,771,272	171,281,813
	WATER	234,997,059	234,997,059	0
3	OTHERS			
	LITIGATIONS	4,113,165,423	6,766,923,142	2,653,757,719
	LOANS& BANK OVERDRAFTS	4,449,656,189	4,449,656,189	
	SUPPLIERS & CONTRACTORS	5,353,417,954	2,658,200,676	-2,695,217,278
	STAFF RETIREES	173,583,267	138,208,116	-35,375,151
4	CONTINGENT LIABILITIES			
	ACTURIAL DEFICIT (LAPTRUST)	2,624,372,573	2,624,372,573	0
	GOK GURANTEED LOANS	19,143,925,000	19,143,925,000	0
	TOTAL	72,941,555,674	78,136,048,947	5,194,493,274

FISCAL PERFORMANCE FOR THE FY 2020/2021 IN RELATION TO FINANCIAL OBJECTIVES

33. The under absorption of both recurrent and development expenditure in FY 2020/2021 has implications on the achievement of the development objectives. To remedy this situation, the County Treasury will be undertaking monitoring and evaluation of the implementation of the 2021/2022 projects/programmes. This will entail evaluation of projects viability in order to ensure that funds are utilized as planned.

Adherence to Fiscal Responsibility Principles

34. In line with the constitution the Public Financial Management Act 2012 the government has endeavored to adhere to the fiscal responsibility principles to ensure prudence and transparency in the management of public resources as follows:

- a) The County government recurrent expenditure shall not exceed the county government's total revenue.

Total recurrent expenditure amounted to Ksh. 24.5billion against total revenues of Ksh. 29.6 billion.

- b) Over the medium term a minimum of 30% of the county government's budget shall be allocated to development expenditure.

Although the amount allocated for development was more than 30% of the budget, the budget was revised to accommodate the payment of pending bills. The development programmes were largely most affected. Total actual expenditure on development expenditure amounted to Kshs 5.6billion or 18%. of total actual revenues.

- a) The county governments expenditure on wages and benefits to employees shall not exceed a percentage of the county government's total revenue by regulations.

Regulation 25(b) of the PFM Regulations 2015 sets the limit for wages and salaries at 35% of the total revenues. The county government has frozen employment of new staff save for key specialized areas like health and engineering where shortages are

rampant. In addition the county is exploring ways of containing the growing wage bill like early voluntary retirement schemes.

- b) Over the medium term, the government's borrowings shall only be used only for the purpose of financing development expenditure only; and short term borrowings shall only be restricted to management of cash flows and shall not exceed five (5%) of most recent audited county government revenue,

During the year 2020/2021 the Government did not engage in any borrowings. However going forward this is an option that needs to be explored further in order to finance development and retirement of the debts already due to create fiscal space.

- c) The County debt shall be maintained at a sustainable level as approved by County assembly.

The County is pursuing debt management strategies in line with the Debt management strategies as outlined in the DMSP 2020.

- d) Fiscal Risks shall be managed prudently

The County regularly reviews the macro economic forecasts at the national level and the impact on the county projections. Additionally the County is also developing a county specific statistics database in addition to the national statistics to help in regular macroeconomic reviews

35. The County Government Fiscal Projections for the Financial Year 2021/2022 to 2024/2025 (ANNEXE 1) provide comparisons with the updated projections and the projections for the 2022/2023 and the medium term. The projections will provide a basis for the revision of the 2021/2021/22 and the projections for the FY 2022/2023 and the medium term.

2.2 SECTION III: RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

Global Economic Prospects

36. The global GDP contracted by 4.2 per cent in 2020 compared to a growth of 2.7 per cent in 2019. The contraction was mainly attributed to slowdown in economic activities due to emergence of the Coronavirus Disease 2019 (COVID-19). The growth in Advanced Economies is estimated to have contracted by 5.8 per cent in the period under review compared to 1.7 per cent growth in 2019. This was due to accelerated collapse in economic activity driven by sharp declines in demand and supply of services. Sub Saharan Africa economies contracted by 1.9 per cent in 2020 compared to a real GDP growth of 3.2 per cent in 2019. East African Community (EAC) real GDP contracted by 0.2 per cent in 2020 compared to a growth of 6.2 per cent recorded in 2019 (Economic Survey, 2021).
37. Global growth is set to reach 5.6 percent in 2021—its strongest post-recession pace in 80 years—in part underpinned by steady but highly unequal vaccine access. Growth is concentrated in a few major economies, with most emerging market and developing economies (EMDEs) lagging behind: while about 90 percent of advanced economies are expected to regain their pre-pandemic per capita income levels by 2022, only about one-third of EMDEs are expected to do so. The global outlook remains highly uncertain, with major risks around the path of the pandemic and the possibility of financial stress amid large debt loads (Global Economic Prospects-World Bank, 2021).
38. The recovery in all emerging and developing economies regions is expected to be insufficient to reverse the damage from the pandemic. By 2022, output in all regions is expected to remain below the pre-pandemic projections and its legacies like debt load and the damage of many drivers of potential output (Global Economic Prospects-World Bank, 2021).
39. Global inflation eased from 3.5 per cent in 2019 to 3.2 per cent in 2020 largely due to significant decline in oil prices (Economic Survey, 2021).
40. World trade volume contracted by 10.3 per cent in 2020 compared to 1.0 per cent growth in 2019, a reflection of pronounced weakness in aggregate demand. The decline in trade volume was as a result of lockdowns and restriction of movements coupled with border closures that notably constrained consumption of a wide variety of goods. World current account surplus as a percentage of GDP narrowed from 0.5 per cent in 2019 to 0.2 per cent in 2020. This was mainly attributed to weak external demand and decline in oil prices (Economic Survey, 2021).
-

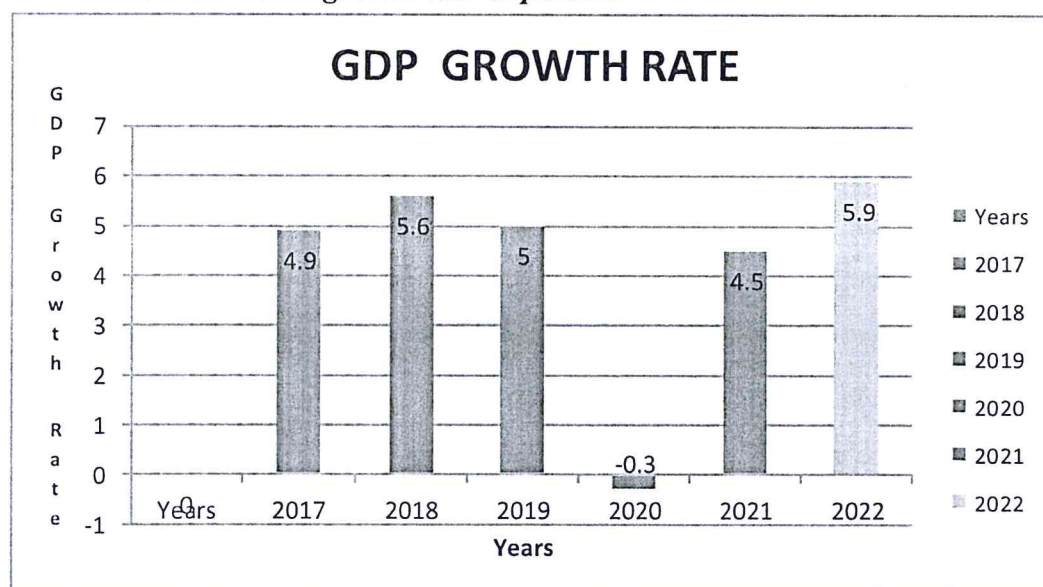
41. Global employment levels deteriorated substantially during the review period. Unemployment rate stood at 6.5 per cent in 2020 from 5.5 per cent in 2019 (Economic Survey, 2021).

Domestic Economy

42. Kenya's economy was adversely affected by the Coronavirus Disease (COVID-19) and the consequent containment measures both domestically and internationally. These significantly slowed down economic activities in 2020. Kenya economic growth declined by 0.3 per cent in 2020 down from 5.0 per cent in 2019 (Economic Survey, 2021). The contraction was spread across all sectors of the economy but was more dismal in accommodation and food serving activities, education, tourism, professional and administrative service activities. Tourism sector earnings, for instance showed a decline by 43.9 percent. This was attributed to restriction on mobility by government to curb the spread of covid-19.

43. Despite most sectors recording contraction in growths, the economy was somewhat supported by accelerated growths in agricultural production (4.8 per cent), construction activities (11.8 per cent), financial and insurance activities (5.6 per cent) and 6.7 percent in health services activities (Economic Survey, 2021). Agriculture sector grew by 4.6 per cent in 2020 compared to 2.3 per cent growth in 2019. This was attributed to favourable weather conditions during the year under review. It is projected that the economy to further expand by 4.5 percent in 2021 and 5.9 percent 2022.

Figure 2.1: Trends in GDP growth rate in percent

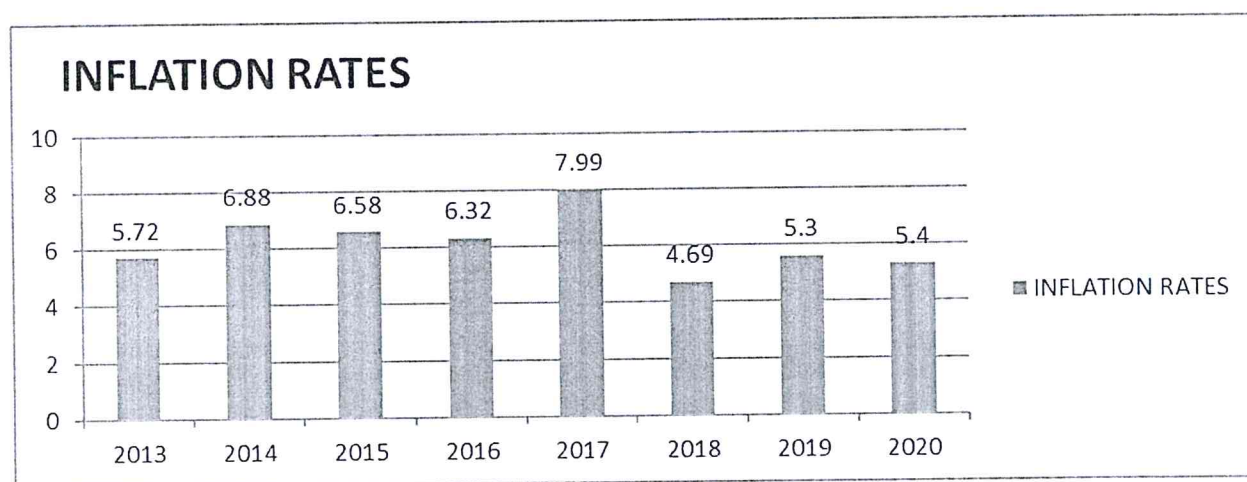


Source: African Economic outlook-World bank, 2021

Inflation

44. Inflation rate rose from 5.3 per cent in 2019 to 5.4 per cent in 2020 mainly attributed to moderate increase in food prices (Economic Survey, 2021). Domestically, oil prices have been rising significantly in response to the global price rise. Effectively then, oil prices in Kenya will probably remain high and therefore counterproductive to economic growth. The reversal of tax measures in January 2021 are expected to have uncertain impact on overall inflation.

Figure 2.2: Trend in inflation rate over the five years



Source: Kenya National Bureau of Statistics

Foreign exchange

45. The foreign exchange market remains stable but partly affected by a significant strengthening of the US Dollar in the global market and uncertainty with regard to the covid-19 pandemic. The current account deficit narrowed from KSh. 536.8 billion in 2019 to KSh. 512.5 billion in 2020. This may have a negative impact on value of domestic currency.

Interest rates

46. During the review period, the government through the Central Bank of Kenya (CBK) adopted an accommodative monetary policy stance in order to spur economic growth and cushion the banking system from the effects of the COVID-19 pandemic. The Monetary Policy Committee (MPC) revised the Central Bank Rate (CBR) from 8.50 per cent in 2019 to 8.25 per cent in January 2020 and revised it further in March, and 7.00 per cent in April 2020 and retained it at this level till the end of the year under review. The weighted average interest rates for

commercial bank loans and advances was 12.02 per cent in 2020 compared to 12.24 per cent in 2019. The average interbank rates declined from 6.03 per cent in December 2019 to 3.27 per cent in June 2020, but increased to 5.29 per cent in December 2020. The interest rates were therefore more favourable to economic activities in 2020.

Implication of macro- economic factors performance on Nairobi Economy

47. Nairobi City County operates within the global and national macro-economic framework. Therefore it was not exempted from the effects of the covid-19 pandemic which impacted negatively to livelihood of the citizen by causing illness, loss of jobs and loss of incomes. This global and national economic dynamics impacted both directly and indirectly on county fiscal decisions and operations.
48. The pandemic also led to reduction in remittances therefore resulting to decline in gross domestic product growth which is a parameter that influences national government transfer to the counties. Therefore, when the GDP growth declines, the revenue allocation to counties is expected to go down.
49. Exchange rate fluctuations also affect the county processes with currency devaluation making our imports more expensive. Inflation changes the costs of goods and services which in turn affect peoples' purchasing power. The continued increase in inflation rate due to fuel prices hike will lead to increase in cost of living and cost of doing business. This will also affect foreign and private investment which is very crucial parameter that help to spur growth of Nairobi County economy.

County Specific Outlook

50. The County is organized in ten sectors with specific mandates to deliver services to the people. There was an institutional change in February 2020, where the Nairobi Metropolitan Services (NMS) inherited the four functions that were transferred from Nairobi City County to the national government.

Budget Deficit

52. The fiscal deficit for the FY 2020/21 was at Ksh 7.6billion. Low internal revenues and insufficient equitable share from National government have contributed to increased budget deficits in the county. Fiscal deficit have had and will continue to have an impact on county

bodies and land buying companies. The existing valuation roll is not as per market rate therefore the revenue realized from rates is far below expectation.

Mitigation measure: In the medium term, the County will undertake measures aimed at expanding the revenue base and increasing tax compliance through integration of technology in revenue collection. Receivables will be targeted as an avenue for raising capital by giving incentives with an aim of getting payments. Issuance of waivers on penalties will also be implemented. The valuation roll is at verge of completion and once the rates are aligned to current market rates the revenue will increase.

60. Identified legal gaps will be addressed through proposed legislation particularly for the key revenue streams.
61. Finally the County will publicize and streamline the use of electronic payment system to ensure effectiveness in revenue collection.
62. The following line graphs show the proportion of actual and projected external and internal of total revenues for the years 2016/2017 up to 2020/2021. For the external revenue, there is a declining trend whereas for the external revenue there is a rising trend.

3. Fiduciary Risk

63. Risks such as fiduciary risk, development risk and reputation risks are also risk in Nairobi County. This is because risks such as fiduciary risk can lead to corruption and fraud which consequently become a major drain on the effective use of resources in the County.

Mitigation measure: The first step is to upscale risk management through investing in appropriate technology and internal controls. The county should improve service delivery efficiently so as to face lift its image, enhance monitoring/evaluation on development projects and also training employees on ethics. Costing should be carried out to identify beforehand development project budget estimates for easy accountability.

4. Pending debts/bills

64. The issue of Pending debts/bills continues to be a major economic policy challenge facing the Nairobi County government having inherited a huge debt from the defunct City Council. This has

subjected the County to the risk of higher interest rate and other unpredictable cost elements. The debt trend has been increasing from one year to another.

Mitigation measure: Implement the strategies identified in the Debt Management Strategy Paper that seeks to ensure accurate data on existing debts and avoid further accumulation of debts.

5. Wage bill

65. Address issues around further growth of Salaries and wages beyond the stipulated 35% of the total budget this has led to budget cuts on development programmes.

66. **Adoption of technology.** The county should embrace technology to replace some aspects of human labor e.g. using tools and machinery to carry out environmental duties like slashing and maintaining lawn in the county. This will save the county a lot of money which could have been paid to casual workers. Automation of employees reporting time register is essential for it will curb ghost workers menace hence reducing the wage bill. The paymaster should ensure that all the employees who are deceased and dismissed are struck out of the payroll to avoid unnecessary expenses

SECTION IV-RESOURCE ALLOCATION FRAMEWORK

2.3 ADJUSTMENTS OF THE 2021/2022 FY BUDGET

73. The implementation of the FY 2021/2022 commenced amidst the continued containment measures occasioned by COVID-19. However the easing of some of the restrictions presents a glimmer of hope that the economy is in recovery trajectory. The implementation is however expected to pick up in the second quarter of the financial year. The Medium Term Fiscal Framework for FY 2021/2022 will largely focus on the enhancing efficiency and effectiveness in public spending in order to create fiscal space to address development challenges.

74. The underperformance of revenues in the Financial Year 2020/2021 has implications on the financial objectives set out in the CFSP 2021 as some of the challenges experienced in the year 2020/2021 have not been overcome completely. In order to mitigate implications of the revenue shortfall the County will work round revenue administrative reforms to improve revenue collection. The partnership with KRA in revenue mobilization provides much optimism that the trend of diminishing revenue will ultimately be reversed.

75. Expenditure projections for the FY 2021/2022 will be rationalized to accommodate some of the emerging realities such as the pending bills that have accumulated over time, and the Covid 19 pandemic. The FY 2021/2022 budget will be rationalized to accommodate these challenges through tradeoffs and reallocations of the existing budgetary allocations supported by austerity measures on less productive expenditures across the County Government.

2.4 MEDIUM TERM FISCAL PROJECTIONS

76. In the medium term the total revenues are largely expected to increase from Kshs 29.6 billion actualized in the year 2020/2021 to Ksh. 38 billion in 2022/2023 fueled by expected growth in the own source revenues. The growth in the Own Source Revenues (OSR) will be fueled by the restructuring of revenue administration systems in regard to local revenues and the implementation of the new valuation roll.

77. Further in order to reorient more expenditures to development, the government will pursue policies to address the high recurrent expenditures through early retirement programmes, private partnerships and mutual cooperation with National Government and other

development partners. In addition, the government will pursue possibilities of retiring all current debts including pensions to pave way for implementation of the voluntary early retirement programme. This programme is intended to cut the wage bill by about 60-70%. The savings are expected to create for recruitment of new and young employees and create more fiscal space for development expenditure.

78. In the medium term the government expects to maintain a balanced budget. To create more space however, the government will pursue public borrowing in line with the guidelines issued by the National Treasury and other applicable legislations.

Revenue Projections

79. The FY 2022/2023 revenue collection targets including equitable share, conditional grants and others amounts to Ksh. 38.8 billion made up of external revenues of Ksh. 20 billion and own sources of revenue of Ksh. 18.8 billion. This revenue projection will be underpinned by the ongoing revenue reforms that will include the following:

- Leveraging on ICT to automate all revenue streams
- Public Private Partnerships
- Business Process Re-engineering
- Segmentation of our customers
- Taxpayers awareness and engagement
- Corporatization
- Tax reforms i.e. legislating all revenue streams.
- Improving human resource management issues with collectors to ensure a motivated work force is maintained at all times.

Expenditure Projections

80. The total expenditure projections for the FY 2022/2023 including the County Assembly is projected at Ksh. 38.8 billion comprising of County Assembly, NMS and the County executive

81. Wages and salaries for all county staff excluding the County assembly continues to be a major cost to the County. The salaries are projected at Ksh. 17 billion which is about 45% of the total projected revenues. The county will however continue to pursue policies aimed at bringing the wage bill down to desired levels.

Financing of the budget

82. Reflecting on the projected revenues and expenditures the budget is balanced. The government will be investing heavily in revenue generation in order to achieve a balanced budget. As has been stated above improvements in revenue administration through digitization and private sector expertise in enforcement will remain key to achieving the this agenda.

2.5 MEDIUM TERM EXPENDITURE FRAME WORK

83. Resource allocation will continue to be aligned to the transformation of the government as highlighted in the Budget Policy Statement and County Fiscal Strategy Paper. The FY 2021/2022 medium term expenditure framework will focus on the following key priority areas.

2.6 4.4.1 Governance, Public Safety and Security;

84. The Government has embarked on a reform agenda to restore good governance, enforce fiscal discipline, seal loopholes for inefficient use of public resources, eliminate corruption and redirect at least 30% of the County's annual budget towards capital expenditure. The outcome of a city administration anchored in the practice of values of transparency, accountability and responsiveness to the people will require a series of legal reforms to put in place sunshine laws and an efficient, well trained and motivated workforce.

85. The government will focus on service delivery re-engineering by leveraging on ICT to decentralize county services closer to the people. Security challenges that undermine the living and business environment will be confronted through decentralization of fire, increased public lighting security and emergency services and establishment of a rapid response team.

2.7 Housing and Settlement

86. In the medium term, priority will be given in developing an affordable housing plan, public land recovery actualized and a review of County spatial planning framework. Specifically, targeting private partnerships for the redevelopment of 14 of the City's old estates expected to yield a mass of decent, low cost housing for Nairobians and provision of basic sanitation amenities and other economic facilities to make informal settlements livable.

2.8 Education

87. Accelerated investment in expansion of access to Early Childhood Development Education for the 0.3 million eligible children, collaboration with the National Government and other partners to modernize and expand access to high quality primary and secondary education will be an area of key focus in the medium term. In order to respond to industry deficit in essential technical skills, the Government will design, develop and implement a T-VET master plan for competitive skills development.

2.9 Health

88. The government is committed to stem the rising infant mortality rates, halt and reverse declining child nutrition indicators, enhance immunization coverage and eradicate preventable causes of morbidity in the City. This will be achieved through improved access to quality healthcare services, narrowing health personnel: patient ratios and improvement of working conditions and ensure reliable availability of medical and pharmaceutical commodities for both communicable and non-communicable diseases in public health facilities.

2.10 Environment, Water, Sanitation and Garbage

89. The aspiration in this pillar is to deliver a clean healthy city in which water is safe, accessible and affordable for all and its supply is regular and reliable; a city in which garbage is collected and safely disposed of and in which the sewage is treated and the environment is green and alive and free of man-made waste.

2.11 Traffic and City Transport

90. The target is to achieve a congestion-free City in which pedestrians have safe walkways; children do not suffer injuries from road accidents and public transport is so seamlessly connected that private cars are unnecessary in most parts of the City. Investment in expansion and improvement of road infrastructure, commuter rail and non-motorized transport (NMT) facilities, enacting structural changes to accommodate the deployment of a rapid bus transit system are important components of a sustainable city decongestion strategy.

91. In the medium term, a pricing strategy that will suppress demand for on street parking will be evaluated coupled with investment in multi-deck parking infrastructure with a view to improve

supply of secure parking spaces for consumers. Specifically the government seeks to revolutionize the public transport scenario through targeted investments in, enforcement of traffic and public order rules, Road improvement, marking and signage, Expansion of Non- Motorized Transport Infrastructure, expansion of Cross City Routes, automation of bus Termini.

2.12 Jobs, Business Environment and Wealth Creation

92. The medium term target is to deliver a city where every Nairobi resident has an equal opportunity to find work, earn a decent wage and prosper; a city providing essential needs for its people, their rights protected and in which no one is excluded from a rewarding social and economic participation. The focus will be in business environment re-engineering to accelerate investment, skill development among the youth, entrepreneurship support, trade and tourism promotion, agribusiness investment and incubating cooperatives for capital formation. The formation of the Nairobi Socio-Economic Council, creation of business information centers, review and upgrading service delivery standards, expansion and development of new markets and leveraging of creative designs to provide inclusive trading spaces for small scale traders. A framework for monitoring job creation across public and private sector entities will be fast tracked. Specifically we target to Expand the formal market space by targeting expansion and rehabilitation of existing markets, Social economic empowerment of Youth and Women through entrepreneurship support, Leveraging on existing Huduma centers to expand and improve on our sphere of service decentralization, provide an enabling environment and regulations for small scale traders to prosper.

2.13 Youth, Women, People Living With Disabilities and Social Protection.

93. The Government recognizes that the people of Nairobi are its partners and that their skills, talents and knowledge are the county's most valuable asset. Progressive policies for talent identification, nurturing, development and deployment of such talents, skills and knowledge for maximum returns will be developed and implemented. In particular, creating opportunities for the Youth, Women and people living with disabilities shall be given primacy. In Particular the focus shall be on the following key areas;

1. Investment in Arts and talent to promote innovation, creativity as a source of livelihood.
2. Investment in expansion of existing sports grounds including City Stadium and others at the ward level.

3. Developing and support sporting activities in the County.
 4. Expanding the scope of training offered at the County's Vocational and Technical Institutes.
 5. Develop and equip community social halls to facilitate online employment for qualified youths.
 6. Partner with NITA to fast track training of technical skills for the Youth and Women
 7. Ensuring there is a framework for supporting PLWDs, the elderly and homeless
94. Reflecting the above medium term expenditure framework for the FY 2022/2023 is the tentative budget ceilings for classified by every sector. The indicative ceilings have not been classified into programmes and sub programmes giving the sectors an opportunity to review the current programmes in light of the new priorities.

SECTION V: CONCLUSION

95. The 2022/2023 and the medium term projections takes into account the revenue reform measures being undertaken by the Government in reforming the revenue administration systems.
96. Going forward, the tentative ceilings for FY 2022/2023 has been presented in sector format to give room for sectors to review the current programs and sub-programmes. Sector working Groups will be expected to critically review all programmes in line with the various policies outlined in this paper and the Governors manifesto. The final ceilings and budget priorities will be firmed up in the County Fiscal Strategy Paper 2021 after a thorough review of all sector priorities.

ANNEXE I: MEDIUM TERM PROJECTIONS FOR 2022/23-2024/25

ITEM	2020/21			FY 2021/22		OUTLOOK		
	Approved Budget	Supp II	Actuals	FY 2021/22	Revised	FY 2022/23	FY 2023/24	FY 2024/25
EXTERNAL SOURCES								
Equitable Share	15,951,600,000	15,919,950,000	15,919,950,000	19,250,000,000	19,250,000,000	20,020,000,000	20,820,800,000	21,653,632,000
Equitable Share FY 2019/2020-Unremitted	3,500,697,260	3,500,697,260	3,500,697,260					
Grant MOH-Frontline workers								
Compensation For User Fees Forgone	79,423,251	79,423,251	79,423,251					
Road Maintenance Levy FY 2019/2020	451,898,344	451,898,344						
Road Maintenance Levy FY 2020/21	475,436,588	475,436,588						
KDSP (Level 1 grant Allocation)	45,000,000	45,000,000	45,000,000					
DANIDA - Grant for Universal Healthcare in Devolved Governments	45,270,000	45,270,000		35,272,875	35,272,875			
Conditional Grants to Development of Youth Polytechnics	16,009,894	16,009,894	16,009,894					
World Bank Loan for Transforming Health System for universal Care System	60,494,430	60,494,430		87,492,017	87,492,017			
Agriculture Development Support Project	15,955,893	15,955,893	13,517,925	36,639,733	36,639,733			
UNFPA				7,386,704	7,386,704			
SUB-TOTAL	20,641,785,660	20,710,335,660	19,674,798,330	19,416,791,329	19,416,791,329	20,020,000,000	20,820,800,000	21,653,632,000
OWN SOURCE REVENUE (OSR)								
RATES	5,057,511,170	5,057,511,170	2,766,193,658	7,458,283,311	7,458,283,311	7,500,000,000	7,800,000,000	8,112,000,000
PARKING FEES	2,800,000,000	2,800,000,000	1,519,476,673	3,025,000,000	3,025,000,000	2,800,000,000	2,912,000,000	3,028,480,000
SINGLE BUSINESS PERMITS	2,562,102,000	2,562,102,000	1,649,739,960	2,750,000,000	2,750,000,000	3,000,000,000	3,120,000,000	3,244,800,000
BLDG PERMITS (1.25 of construction cost)	1,500,000,000	1,500,000,000	713,133,746	1,500,000,000	1,500,000,000	1,000,000,000	1,040,000,000	1,081,600,000
BILLBOARDS & ADVERTS	1,200,000,000	1,200,000,000	736,338,078	1,200,000,000	1,200,000,000	1,000,000,000	1,040,000,000	1,081,600,000
HOUSING RENTS-EASTLANDS & EOTE	606,000,000	606,000,000	584,253,177	606,000,000	606,000,000	600,000,000	624,000,000	648,960,000
FIRE INSPECTION CERT	450,000,000	450,000,000	211,133,219	450,000,000	450,000,000	450,000,000	468,000,000	486,720,000
FOOD HANDLERS CERT	210,000,000	210,000,000	91,148,523	250,000,000	250,000,000	250,000,000	260,000,000	270,400,000
REGUL. OF BLDG /CHANGE /AMALG/SUB	150,000,000	150,000,000	123,262,135	150,000,000	150,000,000	100,000,000	104,000,000	108,160,000
WAKULIMA MARKET	216,000,000	216,000,000	159,956,034	240,000,000	240,000,000	240,000,000	249,600,000	259,584,000
OTHER MARKETS	144,972,000	144,972,000	166,717,976	298,770,000	298,770,000	303,690,000	315,837,600	328,471,104
OTHER INCOMES	1,312,926,000	1,312,926,000	940,162,134	1,432,691,360	1,432,691,360	1,329,205,128	1,382,373,333	1,437,668,266
LIQUOR FEES	250,000,000	250,000,000	279,429,434	250,000,000	250,000,000	250,000,000	260,000,000	270,400,000
TOTAL (OSR)	16,459,511,170	16,459,511,170	9,940,944,747	19,610,744,671	19,610,744,671	18,822,895,128	19,575,810,933	20,358,843,370
TOTAL REVENUE	37,101,296,830	37,169,846,830	29,615,743,077	39,027,536,000	39,027,536,000	38,842,895,128	40,396,610,933	42,012,475,370
EXPENDITURE								
RECURRENT								
COUNTY ASSEMBLY								
Transfer to County Assembly - PE	866,838,191	886,046,454	800,223,560	829,585,629	829,585,629	846,177,342	863,100,888	880,362,906
Transfer to County Assembly - O&M	543,139,688	919,273,014	1,005,077,933	716,286,458	716,286,458	730,612,187	745,224,431	760,128,920

ITEM	2020/21			FY 2021/22		OUTLOOK		
	Approved Budget	Supp II	Actuals	FY 2021/22	Revised	FY 2022/23	FY 2023/24	FY 2024/25
Transfer to County Assembly	600,000,000	50,652,405	17,284,143	1,506,000,000	1,506,000,000	1,506,000,000	1,536,120,000	1,566,842,400
Sub-total (County Assembly)	2,009,977,879	1,855,971,872	1,822,585,635	3,051,872,087	3,051,872,087	3,082,789,529	3,144,445,319	3,207,334,226
COUNTY EXECUTIVE								
Personnel Emoluments	5,263,467,189	5,689,504,615	5,560,283,158	6,022,360,364	5,752,360,364	5,752,360,364	5,867,407,571	5,984,755,723
Other Recurrent Expenses (Incltdg pending bills)	5,081,983,528	15,456,846,569	10,982,839,514	6,791,424,233	6,791,424,233	6,575,865,919	6,707,383,237	6,841,530,902
Development Expenditure (Incltdg pending bills)	1,169,465,995	3,352,414,707	1,394,742,749	3,373,768,736	3,043,768,736	3,043,768,736	3,104,644,111	3,166,736,993
Sub-total (County Executive)	11,514,916,712	24,498,765,891	17,937,865,420	16,187,553,333	15,587,553,333	15,371,995,019	15,679,434,919	15,993,023,617
NAIROBI METROPOLITAN SERVICES								
Recurrent	14,907,081,689	6,159,657,349	5,863,662,865	12,106,040,000	12,106,040,000	12,106,040,000	13,120,018,703	14,185,151,296
Capital Projects	9,023,000,000	5,023,000,000	4,217,202,994	8,032,070,580	8,032,070,580	8,032,070,580	8,192,711,992	8,356,566,231
Sub-total (NMS)	23,930,081,689	11,182,657,349	10,080,865,859	20,138,110,580	20,138,110,580	20,138,110,580	21,312,730,695	22,541,717,527
LIQUOR BOARD								
Recurrent expenditure	200,000,000	294,339,821	294,328,552	200,000,000	200,000,000	200,000,000	208,000,000	216,320,000
Capital Projects	50,000,000	50,000,000		50,000,000	50,000,000	50,000,000	52,000,000	54,080,000
Sub-total (LIQUOR BOARD)	250,000,000	344,339,821	294,328,552	250,000,000	250,000,000	250,000,000	260,000,000	270,400,000
Total Expenditure	37,704,976,280	37,881,734,933	30,135,645,467	39,627,536,000	39,027,536,000	38,842,895,128	40,396,610,933	42,012,475,370
NET FINANCING	-603,679,450	-711,888,103	-519,902,390	-600,000,000	0	0	0	0
Adjustment to Cash	603,679,450	711,888,103	711,888,103	600,000,000				

ANNEXE II-INDICATIVE BUDGET CEILINGS FY 2022/2023

DEPARTMENT	2021/22 FY Approved Budget			2022/23 FY Budget Projection			2023/24 FY Budget Projection			2024/25 FY Budget P		
	Gross Recurrent	Gross Development	Total	Gross Recurrent	Gross Development	Total	Gross Recurrent	Gross Development	Total	Gross Recurrent	Gross Development	Total
5311000000 COUNTY PUBLIC SERVICE BOARD	81,508,840	48,767,830	130,276,670	77,953,606	45,057,961	123,011,567	79,988,594	44,877,633	124,866,228	81,588,362	45,775,186	127,363,548
0718025310 Sp1 General Administration & Support Services	549,473,844	128,175,000	677,648,844	525,507,018	118,424,464	643,931,481	539,225,441	117,950,515	657,175,955	550,009,922	120,309,525	670,319,447
0718025310 Sp2 Sub County Administration	1,713,905,180	82,080,873	1,795,986,053	1,639,148,450	75,838,812	1,714,987,262	1,681,938,614	75,533,304	1,757,471,918	1,715,577,302	77,043,970	1,792,521,272
0718025310 Sp3 County Executive	216,659,348	216,659,348	433,318,696	207,209,150	0	207,209,150	212,618,369	-	212,618,369	216,870,728	-	216,870,728
0718025310 Sp4 Audit	105,979,556	14,000,000	119,979,556	101,356,983	12,934,991	114,291,974	104,002,899	12,883,224	116,886,123	108,082,952	13,140,888	120,023,010
0724055310 Inspectorate	1,269,810,756	10,000,000	1,279,810,756	1,214,424,436	9,239,279	1,223,663,715	1,246,127,129	9,202,303	1,255,329,432	1,271,049,610	9,386,349	1,280,435,959
0724055310 sp 24.1 Investigative Services	51,612,541	37,500,000	89,112,541	49,361,317	34,647,298	84,008,614	50,649,900	34,508,635	85,158,535	51,662,895	35,198,808	86,851,343
072601510: Fire & Disaster Management	501,346,845	72,500,000	573,846,845	479,479,212	66,984,776	546,463,987	491,996,073	66,716,694	558,712,768	501,835,970	68,051,028	569,786,998
0725015310 sp 25.1 legal services	602,614,439	35,950,000	638,564,439	576,329,738	33,215,209	609,544,948	591,374,895	33,082,278	624,457,173	603,202,363	33,743,924	637,941,097
5312000000 OFFICE OF GOVERNOR & DEPUTY GOVERNOR	5,011,402,510	380,205,873	5,391,608,383	4,792,816,282	351,282,829	5,144,099,111	4,917,933,319	349,876,953	5,267,810,272	5,016,291,739	356,874,492	5,373,166,264
5313000000 ICT, E-GOV'T & PUBLIC COMMUNICATIONS	307,636,687	419,150,000	726,786,687	294,218,260	387,264,396	681,482,655	301,898,862	385,714,517	687,613,379	307,936,824	393,428,808	701,365,632
5314000000 FINANCE & ECONOMIC PLANNING	2,155,247,052	53,000,000	2,208,247,052	2,061,239,971	48,968,181	2,110,208,152	2,115,048,885	48,772,204	2,163,821,089	2,157,349,757	49,747,648	2,203,597,407
5315000000 HEALTH	69,518,950	0	69,518,950	66,486,688	0	66,486,688	68,222,331	-	68,222,331	69,586,774	-	69,586,774
5316000000 URBAN PLANNING AND LANDS	51,680,314	0	51,680,314	49,426,134	0	49,426,134	50,716,409	-	50,716,409	51,730,735	-	51,730,735
5317000000 PUBLIC WORKS ,TRANSPORT & INFRASTRUCTURE	51,398,929	0	51,398,929	49,157,022	0	49,157,022	50,440,272	-	50,440,272	51,449,075	-	51,449,075
5318000000 EDUCATION,YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES	1,842,464,923	545,850,000	2,388,314,923	1,762,100,703	504,326,066	2,266,426,768	1,808,100,550	502,307,692	2,310,408,243	1,844,262,471	512,353,846	2,352,756,317
5319000000 TRADE,COMMERCE,TOURISM & COOPERATIVES	737,653,859	324,337,738	1,061,991,597	705,479,039	299,664,698	1,005,143,737	723,695,653	298,465,404	1,022,361,057	738,373,529	304,434,712	1,042,808,241
5320000000 PUBLIC SERVICE MANAGEMENT	1,903,161,504	25,000,000	1,928,161,504	1,820,149,834	23,098,198	1,843,248,032	1,867,665,061	23,005,757	1,890,670,818	1,905,018,268	23,465,872	1,923,484,140
5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	332,294,287	84,675,000	416,969,287	317,800,349	78,233,598	396,033,948	326,096,565	77,920,498	404,017,063	332,618,480	79,478,908	411,496,968
COUNTY ASSEMBLY	1,545,872,087	1,506,000,000	3,051,872,087	1,576,789,529	1,506,000,000	3,082,789,529	1,608,325,319	1,536,120,000	3,144,445,319	1,640,491,826	1,566,842,400	3,207,337,219
5323000000 ENVIRONMENT,WATER,ENERGY & NATURAL RESOURCES	53,606,355	0	53,606,355	51,268,165	0	51,268,165	52,606,527	-	52,606,527	53,658,655	-	53,658,655
5324000000 URBAN RENEWAL AND HOUSING	0	0	0	0	0	0	-	-	-	-	-	-
5325000000 WARD DEVELOPMENT FUND	76,210,386	1,492,782,295	1,568,992,681	72,886,259	1,379,223,270	1,452,109,528	74,788,963	1,373,703,453	1,448,492,416	76,284,738	1,401,177,522	1,477,462,260
5326000000 EMERGENCY FUND	140,000,000	0	140,000,000	133,893,511	0	133,893,511	137,368,817	-	137,368,817	140,136,587	-	140,136,587
5327000000 LIQUOR LICENSING BOARD	200,000,000	50,000,000	250,000,000	200,000,000	50,000,000	250,000,000	208,000,000	52,000,000	260,000,000	216,320,000	54,080,000	270,400,000
5328000000 NAIROBI METROPOLITAN SERVICES	12,106,040,000	8,032,070,580	20,138,110,580	12,106,040,000	8,032,070,580	20,138,110,580	13,120,018,703	8,192,711,992	21,312,730,695	14,185,151,926	8,356,566,231	22,544,300,152
Voled Expenditure KShs.	26,665,696,684	12,951,839,316	39,617,536,000	26,137,705,352	12,705,189,776	38,842,895,128	27,511,134,830	12,885,476,103	40,396,610,933	28,368,249,746	13,144,225,624	42,011,836,557

ANNEXE III: BUDGET CALENDER FOR THE FY 2021/2022

	ACTIVITY	TIMELINESS	RESPONSIBILITY
1	Issuance of 2021/22 Budget Preparation Guidelines	By 30th August 2020	County Treasury
2	Submission of ADP 2021/22 to the County Assembly	By 1 st September, 2020	County Treasury
3	Launch of Sector Working Groups	By 13 th September 2020	County Treasury
4	Capacity Building	September/October 2020	County Treasury
5	Development of Medium Term Budget Framework		
	Preparation of County Budget and review Outlook Paper (CBROP)2020	By 10th September 2020	County Treasury
	Submission of County Budget and review Outlook Paper (CBROP)2020 to County Executive Committee/CBEF	By 15th September 2020	County Treasury
	Submission of County Budget and review Outlook Paper (CBROP)2020 to County Assembly	By 21st October 2020	County Treasury
6	Preparation of Medium Term Budget Proposals		
	Preparation of draft Sector Reports by all Sectors in accordance with ANNEXE 2	15 th October-15 th Nov 2020	Sector Working Groups
	Submission of Sector Reports (Draft Budget proposals for 2021/22) to County Treasury for review	16 th Nov-20 th Nov 2020	Sector Working Groups
	Public Hearings on Sector Reports	21 st Nov -23 rd Nov 2020	Sector Working Groups, County Treasury
	Review and incorporation of public views in the sector reports	25 th -30 th Nov 2019	Sector Working Groups
	Submission of Final Sectoral Budget Proposals for FY 2021/22 to County Treasury	1 st December-10 th December 2020	Sector Working Groups
7	Draft County Fiscal Strategy Paper (CFSP)		
	Conduct MTEF public consultations for consideration in CFSP 2021/2022	By 15 th January 2021	County Treasury, Sector Working Groups
	Finalize Draft County Fiscal Strategy Paper 2022	By 1 st February 2021	County Treasury
	Submission of draft County Fiscal Strategy Paper to CBEF	By 8 th February 2021	County Treasury
	Submission of CFSP to County Executive Committee	By 15 th February 2021	County Treasury
	Submission of final CFSP to County Assembly for approval	28 th February 2021	County Treasury
8	Preparation and approval of Final Budgets FY 2021/22		
	Issue guidelines on finalization of the FY 2020/21 Budget Estimates	By 5th March 2021	County Treasury
	Submission of Final 2021/2022-2023/24 Budget proposals to County Treasury in accordance with ANNEXE 3 & 4	By 15 th March 2021	Sector Working Groups
	Consolidation of Draft Sector Budget Estimates	By 22 nd March 2021	County Treasury
	Submission of draft budget estimates to CBEF for consideration	By 5 th April 2021	County Treasury
	Submission of draft budget estimates to County Executive Committee	By 12 th April 2021	County Treasury
	Submission of Draft Budget Estimates & budget documents for FY 2021/22 to County Assembly	By 30 th April 2021	County Treasury
9	Submission of Appropriation Bill 2021 to County Assembly	By 14 th June 2021	County Treasury
10	Appropriation Bill 2021 passed by County Assembly	25 th June 2021	County Assembly
11	Issuance of General Warrant FY 2021/2022	30 th June 2021	County Treasury

