GOVERNMENT OF NAIROBI CITY COUNTY

THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

SECOND ASSEMBLY
(SIXTH SESSION)

NCCA/TJ/PL/2022(7) **17th February 2022**

PAPER LAID

Pursuant to Section 117(1) of the Public Finance Management act, 2012, I beg to lay the following Paper on the Table of the Assembly, today Thursday 17th February, 2022:

— **THE NAIROBI CITY COUNTY FISCAL STRATEGY PAPER FY 2022/2023.**

(The leader OF Majority Party)

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

Paper laid on 17/02/2022 AM
Ag PCA(C)

NCCA APPROVED
17 FEB 2022
HON. GEOFFREY O. MAJIWA
DEPUTY SPEAKER

PCAC...
Pls deal.
Do. clerk
17/2/2

NAIROBI CITY COUNTY

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City Hall,
P.O Box 30075-0010,
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FINANCE AND ECONOMIC PLANNING SECTOR

NCCG/FEP/CECM/CFSP/13/2022

9th February, 2022

NAIROBI CITY COUNTY ASSEMBLY
CLERK
17 FEB 2022
RECEIVED
P.O. Box 45844 – 00100, NAIROBI

The Clerk,
Nairobi City County Assembly,
City Hall Building, 2nd Floor,
P.O. Box 45844 – 00100,
NAIROBI

RE: COUNTY FISCAL STRATEGY PAPER 2022

Pursuant to the provisions of Section 117(1) of the Public Finance Management Act, 2012, I am pleased to submit the County Fiscal Strategy Paper – 2022.

Please find attached a copy of the same.

CA- Austin
- Prepare for tabling today
17/02/22

ALLAN ESABWA IGAMBI
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING

Paper laid on 17/02/2022
By PCA(C)

NAIROBI CITY COUNTY

COUNTY FISCAL STRATEGY PAPER

2022

TARGETED DEVELOPMENT FOR SUSTAINED RECOVERY AND IMPROVED LIVELIHOODS

Paper laid on
17/02/2022
Ag PCA (C)

FEBRUARY, 2022

VISION

"The city of choice to Invest, Work and Live in"

MISSION

To provide affordable, accessible and sustainable quality service, enhancing community participation and creating a secure climate for political, social and economic development through the commitment of a motivated and dedicated team.

FOREWORD

The Nairobi County Fiscal Strategy Paper is prepared pursuant to section 117(1) and (6) of the Public Finance Management Act (PFMA), 2012, and will provide the fiscal policy direction towards the budget 2022/2023. This CFSP 2022 will be the final policy paper towards the implementation of the CIDP 2018-2022, and focus remains on the finalization of the county's eight development objectives, while at the same time targeting the County's development path towards sustained recovery and improvement of livelihoods in consonance with the Budget Policy Statement 2022.

The 2022 Fiscal strategy paper depicts a paradoxical environment characterized by optimism of overcoming the Covid-19 Pandemic and subsequent economic recovery on one hand, and increased economic uncertainties that has doggedly afflicted the economy in election years on the other. High optimism is however embraced in this policy, with positive revenue returns envisaged, together with an anticipated increased expenditure and resultant improvement in service delivery. Historically, the contribution of external revenue to the total revenue has been predominantly higher than own revenue. This case will persist in in FY2022/23 where external revenue will constitute 52.3% of the Ksh. 36.7 Billion expected revenue while own source revenue will constitute 47.7%.

Apportionment of the resource basket in this policy paper depicts prioritization towards the service areas that will provide the largest yield towards investment of public resources while at the same time achieving the medium term targets of Nairobi City County. Nairobi Metropolitan Services has been allocated 51.5% of the resources in order to ensure the transferred functions are fully financed. Other key areas with substantial allocations are the County Assembly, Education Youth and Sports, Public Service Management, and the Sub County Administration with 6.9%, 6.6%, 5.1% and 4.9% allocation, respectively.

In an attempt to improve the fiscal space, non discretionary expenditure was given priority, while at the same time a reduction of non-essential expenditure was explored as a methodology to free up more resources for development in the medium term. For development in the FY 2022/2023, the paper recommends more focus to be on ongoing projects before taking up any new ones.

The interventions towards recovery and resilience creation proposed herein are expected to not only improve the wellbeing of households, but also rejuvenate the development momentum of the city; towards being the best city for all to invest, work and live in.

ALLAN ESABWA IGAMBI
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

The production of this CFSP 2022-2023 was inclusive and a comprehensive approach towards its formulation was adopted. It is through the dedication of many individuals and teams that the process was successfully concluded. The input of diverse stakeholders enriched the quality of this paper and we acknowledge the pool of resources, time and ideas offered by members of the public, private sector and other stakeholders.

It is my singular honour to applaud all staff of Nairobi City County who both directly and indirectly participated in the production of this plan, with my sincere gratitude to the County's top management for their leadership.

I wish to acknowledge the County Executive Committee Member for Finance and Economic Planning Mr. Allan Igambi for his dedication towards the timely preparation of this plan, and his role in coordination of all County Executive Committee Members, whose sectoral inputs were immense. Special thanks to the Acting County Secretary Dr. Jairus Musumba, for the impeccable coordination and support across the 10 sectors. I also convey my utmost appreciation to all County Chief Officers, members of respective sector working groups, and Sub-County Administrators for the distinguished role they played, particularly in receiving and analysing inputs from members of the public.

I appreciate the magnificent dedication of the Director of Economic Planning Mr. Geoffrey Sianga and the entire economic planning department for guiding the formulation and production process and successfully delivering this paper. I am pleased to single out the deputy director Grace Chabari, and the team of economists; Petronilla Kangara and Molly Achieng; whose commitment and unquantifiable effort made this process successful. All the support staff in the Economic Planning department are acknowledged for the various roles they played in the production process.

I also acknowledge the Head of Budget Mr. James Ngunjiri for his zeal, and all Heads of Department in the Finance and Economic Planning Sector for their cooperation and support.

Finally, I thank all members of the public, organized groups, constitutional bodies and everyone who participated in this process; we could not have achieved this without you

MOHAMED ABDI SAHAL
COUNTY CHIEF OFFICER - FINANCE AND ECONOMIC PLANNING

ACRONYMS

ADB	Africa Development Bank
ADP	Annual Development Plan
CFSP	County Fiscal Strategy Paper
EAC	East African Community
EMDEs	Emerging Markets and Developing economies
GDP	Gross Domestic Product
IMF	International Monetary Fund
KNBS	Kenya national bureau of statistics
SSA	Sub-Saharan Africa
UHC	Universal Health Care

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CHAPTER ONE: OVERVIEW

1.0 Introduction

1. This chapter presents the philosophy behind financial planning and the legal framework underpinning the preparation of the Fiscal Strategy Paper for the fiscal period 2022/2023. It provides a summary of key achievements for the financial years 2019/2020 and 2020/2021 for various County departments and agencies.

2. Section 117 of the Public Finance Management Act 2012 requires all counties to table a County Fiscal Strategy Paper (CFSP) in their respective County Assemblies by 28th February each year. As such, the CFSP is being prepared under a revised budget calendar that takes into account the preparations for the 2022 general elections. A shortened budget calendar intends to finalize the policy document which will lead to finalization of the 2022/23 budget earlier than usual. The Paper has four core elements namely Performance review, priority setting for the medium term, projections of revenue and expenditure, and expenditure ceilings for respective sectors. Specifically, the paper shall provide the following information:

1. A description of budget implementation for the period 2019/2020 and the year 2020/2021, including revenue and expenditure performance.
2. A description of any changes to the budget during the year, such that may have necessitated revision of the approved financial plan.
3. An overview of the expected revenue and expenditure totals for the coming year, based on an assessment of the economy and any other determinants.
4. Ceilings on the amount of money each sector will get in the upcoming budget and the basis for such capping.

1.1 LEGAL FRAME WORK

3. The County Treasury pursuant to section 117(1) and (6) of the Public Finance Management Act (PFMA), 2012 is mandated to prepare and submit the County Fiscal Strategy

Paper to the County Assembly, by the 28th February of each year, and subsequently publish and publicize it not later than seven days after it has been submitted to the County Assembly. The CFSP is being prepared under a revised budget calendar that takes into account the preparations for the 2022 general elections and the eminent incoming of the third governments in counties since the onset of the constitution 2010. The county Treasury shall also align its County Fiscal Strategy Paper with the National objectives in the Budget Policy Statement. In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the County government in preparing its budget for the coming financial year and over the Medium Term.

4. In preparing the Fiscal Strategy Paper, the County Treasury shall seek and take into account views of:

i. The Commission on Revenue Allocation
ii. The Public
iii. Any interested persons or groups
iv. Any other forum that is established by legislation

5. Section 117(2) of PFM Act requires counties to align the CFSP with the national objectives in the Budget Policy Statement (BPS), and towards this, the County Treasury has aligned the proposed revenue and expenditure plan to the national financial objectives contained in the BPS 2022. Achieving the development agenda espoused in the County Integrated Development Plan, (CIDP 2018-2022) remains the overarching target. In this regard, the fiscal policies are geared towards triggering a multiplier effect towards the achievement of the national theme of **accelerating economic recovery for improved livelihoods** through implementation of policies to provide an enabling environment for economic recovery to safeguard livelihoods, jobs, businesses and industrial and institutions recovery. The policies highlighted in chapter three have also been anchored on the Medium-Term Plan III of the Vision 2030 as prioritized in the "Big Four" Agenda.

1.2 Rationale

6. The Fiscal strategy Paper outlines the County's fiscal policies in the context of prevailing macro-economic policies and outlook while articulating the Nairobi County's strategic priorities and policies for the fiscal year 2022/2023, and how these will be achieved within the available resources. The County Fiscal Strategy Paper pin-points the exact fiscal direction to be pursued during the County Budget Process, with binding policy recommendations on budget formulation and implementation in the medium term. It analyzes the past and the present setting of the budget, and how they influence the future. The Nairobi County Fiscal Strategy Paper specifies the broad strategic priorities and policy goals that guide the County government in preparing its budget for the coming financial year and over the medium term.

1.3 ACHIEVEMENTS 2020/2021

A. FINANCE AND ECONOMIC PLANNING

Economic planning

7. The department developed ADP for FY 2021/2022, prepared fiscal strategy paper 2021 and conducted quarterly monitoring and evaluation exercises and Reporting. The department prepared Annual performance report to assist in tracking sector overall performance and achievement.

Budget & Expenditure

8. The department prepared County Budget Review Outlook Paper 2019, 2020 and 2021 and also prepared Budget Proposals 2019/2020 – 2020/2021.

B. FOOD, AGRICULTURE & FORESTRY SECTOR

9. In the year under review, the Sector completed installation of 7 irrigation drip kits in institutions and installed an incinerator at Pangani dog pound.

Further, it constructed 10 fish ponds in learning institutions, completed construction of underground water reservoir at Wangu primary and planted a total of 31,623 tree seedlings.

C. EDUCATION, SPORTS, YOUTH, GENDER & SOCIAL SERVICES

Youth Promotion and Empowerment

10. Under the programme, the sector was able to Rehabilitate 10 existing Community Centers and Construct 6. No. new Community Centers / Social Halls.

Family and Social Welfare Services

11. The sector was able to develop an ultramodern children institution in Ruai to enhance capacity, strategies and proposed medium term interventions under the Family and Social Welfare.

Library and Information Services

12. The sector improved the state of Library facilities by renovating Eastlands & Kaloleni libraries.

Vocational and technical training

13. Under this programme the sector improved technical skills for youth employment by introducing 4 new trade areas (courses) in 5 VTCs (Plumbing at Waithaka, ICT at Embakasi & Jericho, Electrical Installation at Dandora & Jericho and Food Processing Technology at Mathare VTC and Equipping 11 Vocational Centers with Training tools and equipment.

14. The department also improved the learning Environment at Vocational Training Centre (VTC) by equipping 10 VTCs (Kangemi, Mathare, Bahati, Embakasi, Dandora, Old Mathari, Ofafa, Jericho, kiwanja & Kahawa garrison) with 875 training seats/Chairs).

15. Also, equipping 5 VTCs (Bahati, Mathare, Kangemi, Kiwanja & Embakasi) with HDBT training tools and 9 VTCs within Bahati, Kangemi, with ICT tools and equipment.

In addition, it rehabilitated 1 VTC at Old Mathari classrooms and ablution block through a collaboration with Hospital Ward development funds.

Finally it rehabilitated workshops and Equipped 4 Trade areas with tools & equipment through a collaboration with Safaricom foundation at Waithaka VTC.

Early Childhood Development Education

16. Through the programme the sector Improved the learning Environment at ECDE Centres by Constructing 10 new ECDE centers and 100 new classrooms in already existing ECDE centers.

D. WARD DEVELOPMENT FUND

17. The sector rehabilitated Old Mathare Primary in Hospital Ward, constructed 2 Perimeter walls and Built 2 ECDE classes in the County. It also constructed, maintained and rehabilitated 32 Roads and drainages within the County.

E. COMMERCE, TOURISM AND COOPERATIVES SECTOR

18. The sector achieved at least 70 % of their planned programmes and projects in the financial year 2020/2021. The major milestones were achieved as follows;

Micro and Small Enterprises MSEs benefitted from the completion of the Common Leather Manufacturing Facility at the Kariokor market in Starehe Sub County in 2020/21, machines and equipment are currently being installed for artisans in the leather goods manufacturing industry.

19. Further there was an increase in the number of trading spaces/stalls estimated at least one thousand (1,000 No.) following the completion of the 4 mega markets, Westlands, Mwariro, Karandini and Gikomba markets and opening for traders.

F. DEVOLUTION AND SUB COUNTY ADMINISTRATION

20. To actualize devolution and provide world class services to the residents, the sector was able to complete the construction of Embakasi East Sub county offices.

G. ICT & E-GOVERNMENT SECTOR

21. Towards achievement of automating all county services for effective and efficient service delivery, the sector succeeded in Acquisition and Deployment of Smartnet Licence and EMC Support in the Data Centre enabling its use within the county.

H. NAIROBI METROPOLITAN SERVICES

Health Services

22. The sector constructed and operationalized 12 health facilities under the Presidential Directives; partially operationalized stalled Mathare Nyayo Hospital and infrastructural expansion of Mama Lucy Kibaki, Mbagathi and Mutuini hospital. rehabilitated and upgraded health facilities and a makeshift field hospital at Mbagathi Hospital, Jericho Health centre and Umoja Health Centre, Makongeni Clinic, Kangemi Health Centre, Karura Health Centre, Mji wa Huruma Health Centre, Kayole I Health Centre, Kayole 2 Health Centre, Lunga Lunga Health Centre, Kariobangi Health Centre, cold rooms and a common section at City Mortuary

23. With an aim to control the spread of covid 19, the sector established Covid-19 isolation and treatment centres in some of our existing hospitals and health centres.

24. It also, established a fully-fledged Emergency Operation Centre (EOC) to manage the emergency referral services.

25. It constructed an incinerator at Mutuini Hospital, a toilet block and installed a water tank at Waithaka Health Centre, a health dispensary in Umoja II ward, Kamiti Health Centre, a Maternity block at Mihangó Dispensary, a maternity unit theatre at Kibera South Health centre,

at Karanja Rd, Kibera, a CCC and Laboratory at Kaloleni Dispensary and a modern medical block for OPD, HDU and ICU at Mbagathi Hospital. Further, constructed a perimeter wall at Jericho Health centre, Umoja Health Centre, Riruta Health Centre and general renovations at Marurui health centre

26. Under curative and rehabilitative sevices, with and aim of expanding health physical infrastructure, the sector completed the construction of a methadone clinic at Mbagathi Hospital and the stalled Mathare Korogocho Hospital. It also completed the construction and Equipping of Otology Centre, a new medical block at Mama Lucy Kibaki Hospital and Mutuini Hospital, a modern food handler's laboratory at Lady Northey home, the new medical block at Karen health centre, Mathare North health centre, Kamulu health centre and Tasia kwa Ndege.

27. It also installed and commissioned internal electrical works in various health centres (Mukuru, Kariobangi, Mbotela, Umoja, Embakasi, Jericho, Kaloleni, Bahati & Kayole). Installed Solar panels, generators and lifts at Pumwani Maternity Hospital, Rehabilitated and Installed Solar panels at Mama Lucy Kibaki Hospital.

28. In addition it constructed & equipped the Green Park Dispensary, Level 2 health facility at Soweto Kayole, Kiamaiko and Ushirika, Upgraded & Equipped Muthua Uthiru dispensary to a Level 3 health facility, Nairobi South/Plainsview Health Centre and baba dogo Maternity block. The sector Renovated and established a maternity theatre and extension of a Laboratory at Westland health centre, equipping of maternity and laboratory and OPD at Ngara Health Centre, Level 3 Health Facility at Kayole Central ward and Kasarani Dispensary.

29. Further, it installed a container clinic at Kware Dispensary, Police Depot Dispensary, Rehabilitated & Expanded the Jinah Clinic, maternity unit at Ruai Health Centre. Completion of Maternity Unit at Lunga Lunga Health Centre, the stalled medical block at Dandora II health centre and Upendo Dispensary were also achieved.

County Transport Service

30. With an aim of coordinating and improving the transport function within the county; together with planning, designing, development and maintenance of road networks, the sector constructed 30km of new roads, rehabilitated and recarpeted 43.3km of roads in the CBD, and installed and commissioned asphalt plant along Kangundo Road.

31. It also rehabilitated five bus termini and constructed one new bus terminus at Green Park, maintained 88Km of road within the County and constructed 18km of Non-motorized transport facilities –walkways within the County.

County Lands, Housing, Planning & Urban development

32. With an aim of providing affordable and decent housing, improvement of informal settlement and improvement of trading services, the sector Rehabilitated 520 County Rental Housing units where common areas in BuruBuru, Kariobangi South and Jamhuri were completed. 6 markets were successfully renovated.

County Environment, Water & Sanitation Services

Environment, water and sanitation

33. In improving waste management the sector improved waste collection from 1800tons /day to 2500 tons/day, Construction of two waste treatment facilities at Muthurwa and Mowlem was achieved, 6 new weighbridges were completed and installed and six heavy equipment machines for use in waste management were procured.

34. In addition, to ensure environmental sustainability and improved aesthetic value of the city, the sector beautified and rehabilitated various parks and open spaces (Uhuru Park, Jevanjee Garden, Michuki Park, Central park and City Park), beautified and landscaped thirty median and frontages of the nine new hospitals.

35. Finally, with an aim of ensuring citizens are provided with clean, adequate water and sanitation services the sector improved water accessibility in the informal settlement by drilling and equipping 193 boreholes, provided free water to the informal settlement using water bowsers and connected 810,000 households to water and sewer networks by extension of over 50km.

County Energy, Public Works & Ancillary Services

Energy

36. With an aim of enhancing security by providing efficient street and public lighting within Nairobi the energy department Installed 10,559 new street lights and maintained the existing street lights across all 85 wards.

CHAPTER TWO: MACRO ECONOMIC POLICY FRAMEWORK

2.1 MACRO ECONOMIC POLICY FRAMEWORK

Global Economic Prospects/Outlook

37. Following a major dip in the year 2020; with a contraction of 3.1 percent from a growth of 2.8 percent in 2019, the global economy has shown signs of strong though uneven recovery with the advanced economies rebounding back but many of the world's poorest countries lagging behind. In the Sub-Saharan Africa (SSA) region, the continuation of Covid-19 restrictions has restrained business activities and weakened growth in some sectors; requiring much to be done to reverse the increase in extreme poverty caused by the pandemic. In the year 2020, output in SSA contracted by approximately 1.7 percent from 3.1 percent growth in 2019; the contraction was however milder than initially projected which can be attributed to the slow spread of the virus than anticipated as well as agricultural activities unexpectantly strong in some countries like Kenya, Benin, Ethiopia and Nigeria. Output in the SSA region is expected to expand by 3.7 percent in 2021 and 3.8 percent in 2022 mainly as a result of progress made in containing the outbreak of Covid-19 and positive spillover from strengthening global economic activities. However, the envisaged growth remains fragile given the slow pace of vaccination in the region (see International Monetary Fund (IMF), October 2021 and World Bank, June 2021)[1].

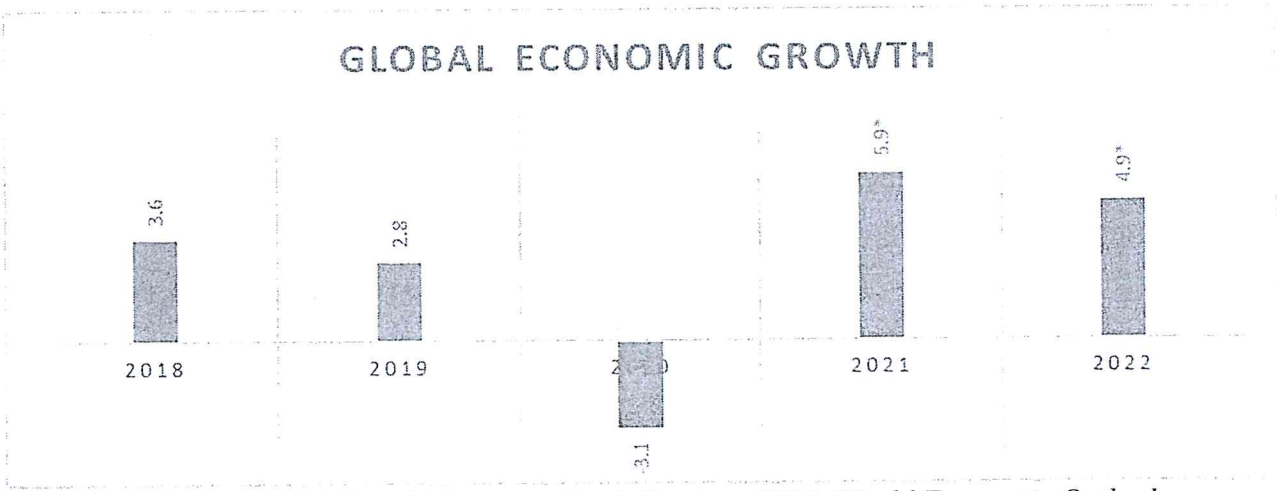
38. The global economic growth is predicted to reach 5.9 percent in 2021 with a moderate growth rate of 4.9 percent in 2022. These projections are informed based on the steady vaccination programs going on. However, the possibility of additional Covid-19 waves especially the new variants that are more virulent, deadly and resistant to vaccine; delay in vaccinations in some countries due to supply chain issues; the rising debt levels in most

[1] *World Bank, June 2021 Global Economic Prospects;*

International Monetary Fund (IMF) 2021 World Economic Outlook (WEO): Recovery during a Pandemic-Health Concerns, Supply Disruptions, Price Pressures. Washington, DC, October.

developing economies and the high inflation pressures could deter the projected recovery (IMF, October 2021; World Bank, June 2021).

Figure 2.1: Trends in Global GDP growth rate in percent[2]



Statistics from the International Monetary Fund October, 2021 *World Economic Outlook*

39. The advanced economies, are expected to growth at 5.2 percent in 2021 and 4.5 percent in 2022 from a contraction of 4.5 percent in 2020 compared to a 1.7 percent and 2.3 percent growths in 2019 and 2018 respectively (IMF October, 2021). These positive projections are premised on widespread vaccination, gradual reopening of economies as well as the sizable anticipated policy support in some advanced economies. However, threats to these growth projections includes: high inflation rates that could result in financial volatility and concerns on the spread of the Delta variant among other risks (World Bank, June 2021; IMF October, 2021).

40. The emerging markets and developing economies (EMDEs) like other regions is expected to grow by 6.4 percent in 2021 and by 5.1 percent in 2022 up from a contraction of 2.1 percent in 2020 (IMF, October 2021). These projected growths are as a result of EMDs benefiting from elevated commodity prices and improving external demand mainly due to robust pick-ups in a few large economies. Otherwise in many other EMDEs recoveries are expected to be dampened

[2] * *are projected figures on growth*

by elevated Covid-19 caseload and obstacles to vaccine procurement and uptake and partly due to withdrawal of monetary and fiscal support by various governments (World Bank, June 2021).

41. Growth in the East African Community (EAC) region contracted down by 0.2 percent in 2020 compared to 6.2 percent in 2019 (Kenya National Bureau of Statistics. The contraction was attributed to the region's tourism adversely affected by Covid-19; a fall in commodity prices; weakening financial flows that worsened the region's fiscal and current account balance; disruption in supply chains. Current account deficits are largely attributed to: currency depreciation; increase in prices of imported goods as well as low demand for exports (KNBS, 2021)[3]. The EAC region is however, projected to grow by percent and 5.6 percent in 2021 and 2022 respectively (Africa Development Bank (ADB), 2021)[4].

Domestic Economy

42. Even though the Kenyan government acted swiftly to cushion firms and households from the adverse effects of Covid-19 though easing monetary policy, regulation of financial market to avert credit crunch, more social protection programs, tax cuts and increased health spending among other policy instruments, the economy still experienced the adverse effects of the pandemic mainly due to the containment measures taken both domestically and internationally. Economic growth contacted by 0.3 percent in 2020 up from a growth of 5.0 percent in 2019 (IMF, October 2021). The contraction was spread across all sectors of the economy but was more pronounced in the accommodation and food serving activities, education, professional and administrative service activities. However, despite most sectors recording contraction in growths, the economy was fairly supported by accelerated growths in agricultural production and construction activities which grew by 4.8 percent and 11.8 percent respectively. Agriculture, forestry and fishing activities were more vibrant in 2020 despite a contraction in global demand

[3] *Kenya National Bureau of Statistics 2021 Economic Survey Nairobi.*

[4] *Africa Development Bank (ADB) 2021 African Economic Outlook 2021: (KNBS), From Debt Resolution to Growth- The road ahead of Africa*

in 2020. (World Bank, June 2021; KNBS, 2021; The Kenya National Treasury and Planning, 2021[5]).

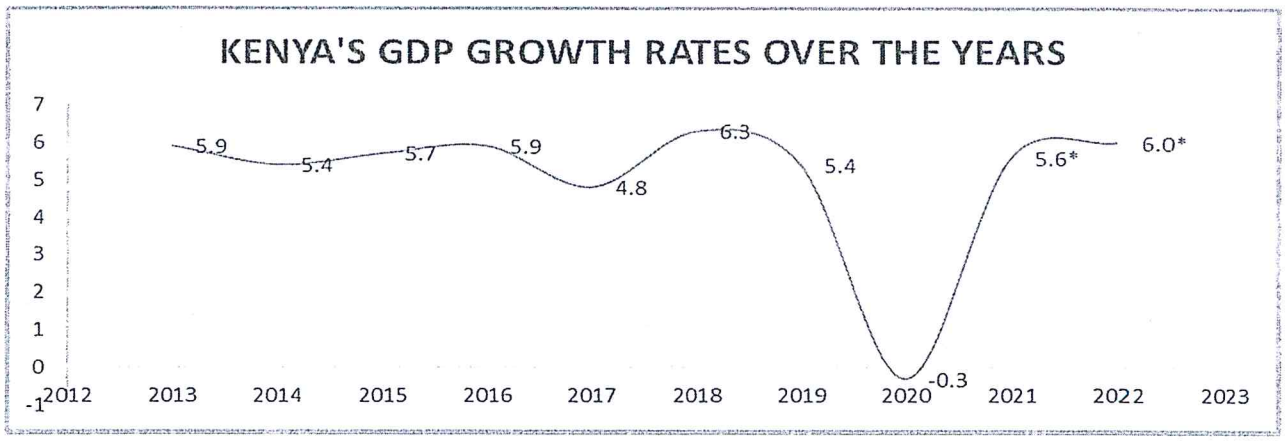
43. However, with the easing of restrictions on movement the economy picked up in third quarter of the financial year 2019/2020 and is geared towards a recovery with an expected GDP growth of 5.6 percent 2021 and 6.0 percent in 2022 (IMF, October 2021). The positive projection is premised on upturn in industry; a strong capital spending; adequate agricultural harvest supported by rise in external demand from the recovering global economy; increased private consumption supported by pick up in wage and household incomes and resilient remittance as well as a recovery in the service sector due to rollout of vaccination. However, the certainty of the projected growth is based on the assumption that economic activities will normalize following the full reopening of the economy, expected improvement in external liquidity and measures taken to meet external financing needs. However, the risks that can impede realization of these growth projections include: the requirement of additional economically costly measures as those witnessed during the 3rd wake of Covid-19 at the end of March 2021; the continued rise in oil prices could also be counterproductive to economic growth; failure to secure external financing to execute the budget; slowdown in global growth and disruptive social conditions during the run-up to the 2022 elections (World Bank, June 2021; ADB, 2021).

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[5] **Represents projections*

6 The Kenya National Treasury and Planning 2021 Budget Policy Statement: Building Back Better: Stategy for resilient and sustainable economic recover Nairobi GOK

Figure 2.2: Trends in GDP growth rate in percent[6]



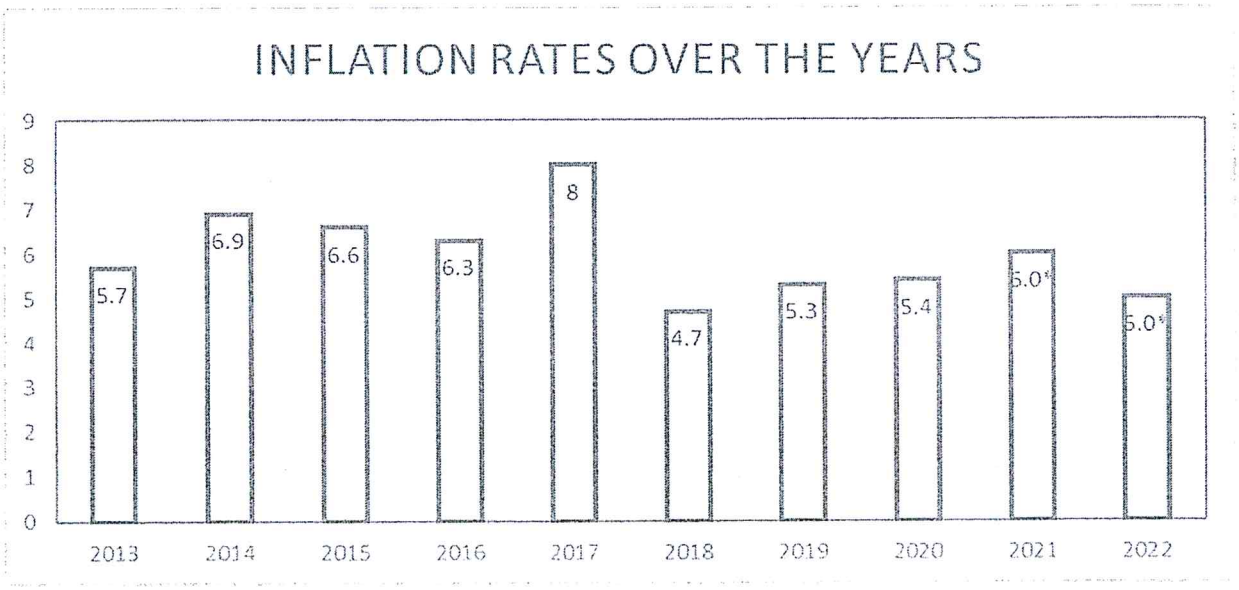
Source: Economic Survey 2018; 2020 and 2021; IMF, October 2021

Inflation

44. Overall yearly inflation rates continue to remain stable within the medium-term target of 2.5 percent on either side of 5 percent since the end of 2017 mainly attributed to prudent monetary policies and low inflation rates of non-food and non-fuel prices due to muted demands (Central Bank of Kenya (CBK), April 2021[7]). Inflation rose from 5.3 percent in 2019 to 5.4 percent in 2020 attributed to moderate increase in food prices (KNBS, 2021). Inflation rate is expected to remain within the government target; with projections of 6.0 percent in 2021 and 5.0 percent in 2022 (IMF, October 2021).

[7] *Central Bank of Kenya (CBK) April 2021Twenty Sixth Bi-Annual Report of the Monetary Policy Committee Nairobi*

Figure 2.3: Trend in inflation rate in percentages over the years[8]

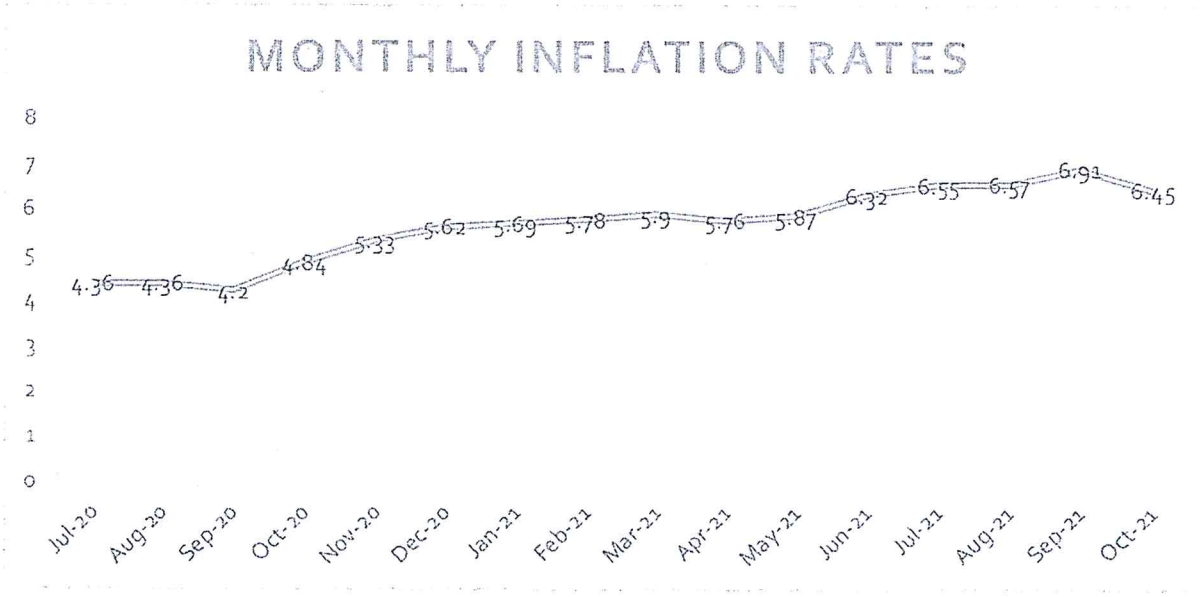


Source: Economic survey 2020 and 2021 and IMF, October 2021*)*

45. The monthly inflation rates as depicted in figure 2.4 below like the yearly rates have also remained fairly stable in the past 16 months, with the highest month being in September 2021 at 6.91 percent mainly due to the pump price adjustment and the then social distancing measures in the transportation sector.

[8] * *Projections based on IMF, October 2021*

Figure 2.4: Monthly Trend in inflation rate in percentages over the last 16 months



Source: KNBS Statistical Release: Leading Economic Indicator August 2021 and CBK website[9])

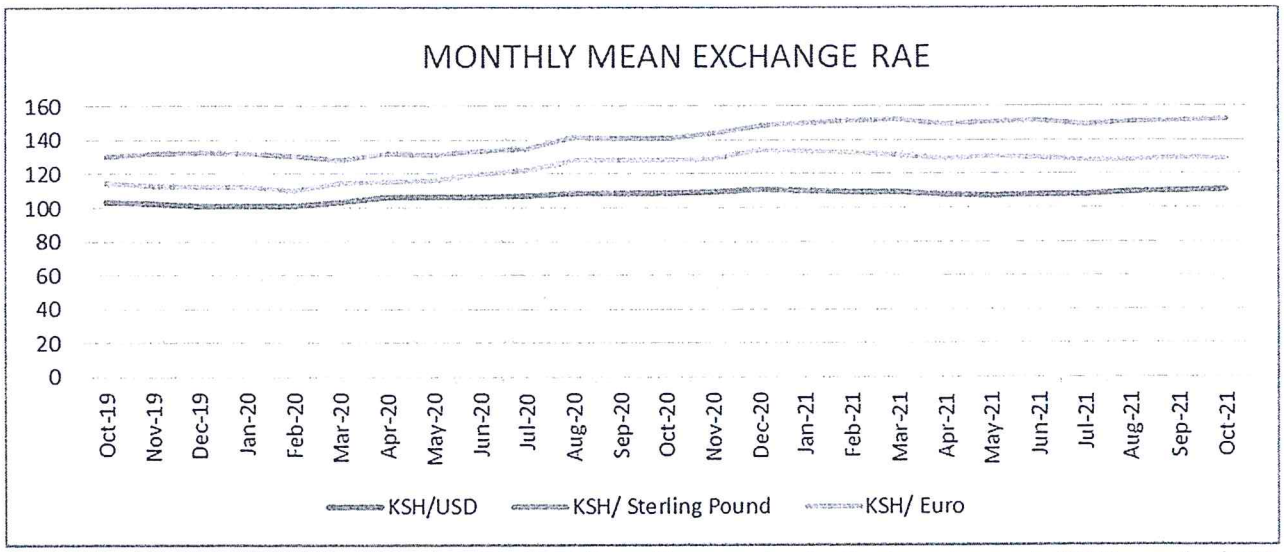
Foreign exchange

46. The foreign exchange market remained stable in the six months up to March 2020 mainly due to improved inflows from various exports, strong diaspora remittance and relatively low remittance. However, Kenyan Shilling has been depreciating against major currencies such as the US Dollar, the Sterling Pound and Euro from April 2020 (CBK, April 2021). The local currency weakened by 2.07 percent to Ksh 110.89 in the month of October 2021 from Ksh 108.64 in October of 2020. The Current Account deficit narrowed to 4.4 percent of GDP in 2020 compared to 5.5 percent of GDP in 2019. The narrowing of the current account deficit was primarily due to resilient exports of merchandise goods coupled with a reduction in imports (mainly oil import

[9] *https://www.centralbank.go.ke/inflation-rates/*

bill) despite the subdued performance of service. It is expected to continue narrowing in 2021 due to improvement in revenue collection and exports (CBK, April 2021; IMF, October 2021).

Figure 2.5: Monthly Mean Exchange Rates of Kenya Shilling against major global selected currencies



Source: KNBS Statistical Release: Leading Economic Indicator August 2021 and CBK website[10])

Interest rates

47. Interest rates continue to remain stable and fairly low. Up to the period ending August 2021, the Central Bank Rates (CBR) remain at 7 percent from April 2020 when it was lowered, a move that was aimed at improving credit access as a measure to offer reprieve to businesses that have experienced distress due to the COVID-19 pandemic. The short-term interest rates remained below the CBR, partly reflecting ample liquidity conditions in the market. The weighted average interest rate for commercial bank loans and advances was 12.02 per cent in 2020 compared to 12.24 per cent in 2019. The interbank rate increased from 2.98 per cent in June 2019 to 3.27 per cent in June 2020, but increased to 5.29 per cent in December 2020. The savings rate of interest reduced to 2.70 per cent in December 2020 from 4.02 per cent in December 2019; while the 91-

[10] *https://www.centralbank.go.ke/inflation-rates/*

day Treasury bill rate decreased from 6.03 per cent in December 2019 to 5.29 per cent in December 2020 (KNBS, 2021). The stable and lower interest rates in the market were therefore more favorable to economic activities in 2020 a reflection of adequate liquidity in the money market prudent monetary policies in the economy.

Nairobi County Economy

48. Nairobi City County operates within the global and national economic framework. The global and national economic dynamics does influence directly and indirectly the county's fiscal decisions and operations. The Global dynamics impact the grants and loans that are targeted at supporting counties as well as remittances that support businesses and investments in Nairobi. The National economic growth is a key parameter that influences the national government share of transfers to the Counties. Therefore, the more stable the global economic performance the more support the County is likely to receive and the higher the national GDP growth, the more allocation counties expect.

49. Exchange rate fluctuations also affects 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 and thus business performance too are affected that in the end affect the revenue streams of the county. With the national inflation rates expected to remain within the target in the medium term, the welfare of the people in county will continue to improve and the cost of doing business in Nairobi is also expected to ease.

50. Interest rates affect the cost of local borrowing for both domestic use and business enterprise. The low and stable interest rate was aimed towards cushioning the economy from the impact of Covid-19 pandemic. Nairobi being the Capital City of Kenya, has a population of approximately 4.3 million and 1.4 million household; as well as being the host to majority of SMEs whose survival during and after the pandemic depends greatly on ease and affordability of credit in the economy. Overall, the stable macroeconomic environment is expected to attract both foreign and

private investments leading the realization of Nairobi County's vision of being an investment hub.

2.2 REVENUE AND EXPENDITURE PERFORMANCE FOR FY 2020/21

2.2.1 Key County Revenue Sources and their Performance for FY 2020/21

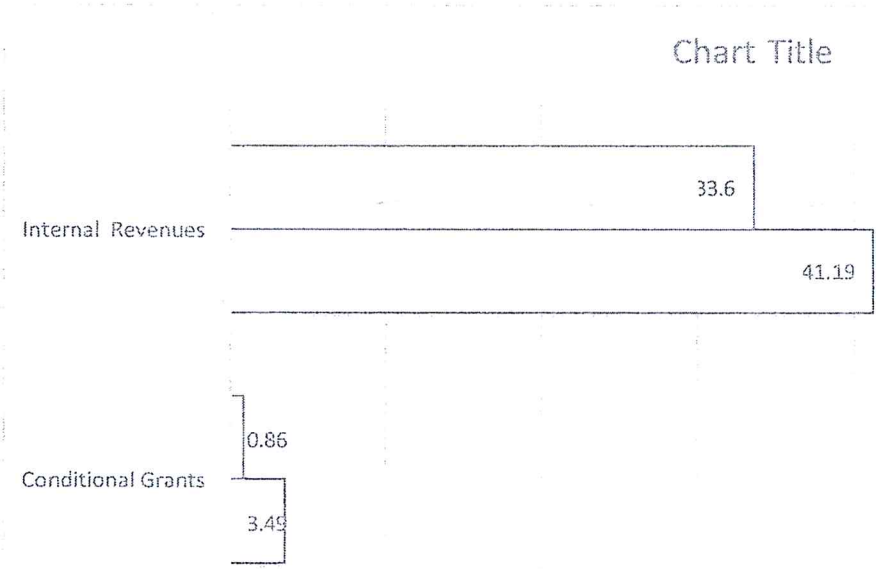
51. The key county revenue sources for the year under review were equitable share for 2020/21 and the balance for 2019/20 from National government, conditional grants and own source revenue that includes liquor fees. By the end of financial year 2020/21, the total actual revenues realized amounted to Ksh 29.62 billion against a target of approximately Ksh 37.17 billion. This was an improvement in total revenue with a performance of approximately 80% compared to a performance of 60% in the financial year 2019/20 (see Table 2.1). The 2020/21 revenue of Ksh 29.62 is also an improvement compared to pre-Covid period in 2018/19 that was Ksh 26.1 billion. Own source revenue was Ksh 9.9 billion against a target of Ksh 16.5 billion reflecting an under performance of 39.6 percent; however, it was an improvement compared to the financial year 2019/20 where 8.6 Billion was collected.

Table 2.1: Total Revenue (Millions) Performance as at 30th June 2021

ITEM	2019/2020			2020/2021			
	Revised	Actual	%	Approved	Revised	Actual	%
Equitable Share FY 2020/2021	15,920	11,446	71.89	15,952	15,920	15,920	100
Equitable Share FY 2019/2020	-	-	-	3,501	3,501	3,501	100
Conditional Grants	1,165	723	62.06	1,189	1,189	154	13
Grant (MOH) Front line workers	-	-	-	-	100	100	100
Internal Revenues	17,156	8,523	49.68	16,460	16,460	9,941	60.4
Total Revenues	**34,240**	**20,693**	**60.44**	**37,102**	**37,170**	**29,616**	**79.68**

Source: County Treasury

Fig2.6: Comparison of key actual revenue sources in percentage for 2019/20 and 2020/21



From figure 2.6 above, equitable share remains the highest source of county total revenue with conditional grant dropping in the financial year 2020/2021.

External Revenues

52. By the end of the financial year 2020/2021, total revenue received from the National government was approximately Ksh 19,675 million which includes: equitable share for 2020/2021, a balance of equitable share of Ksh 3,501 million for the financial year 2019/2020; unconditional grant and an additional grant of Ksh 100.2 million from MOH for the Covid-19 front line workers in the heath sector. This was an improvement compared to Ksh 12,170 million in 2019/20 and Ksh 15,967 million received in financial year 2018/19. Other sources of external revenue include: KDSP (Level 1 grant Allocation) Conditional Grants to Development of Youth Polytechnics, Agriculture Development Support Project. However, the National Treasury released the bulk of the external transfers in the last quarter of the year as indicated in table 2.2 below which affected implementation of the programmed activities.

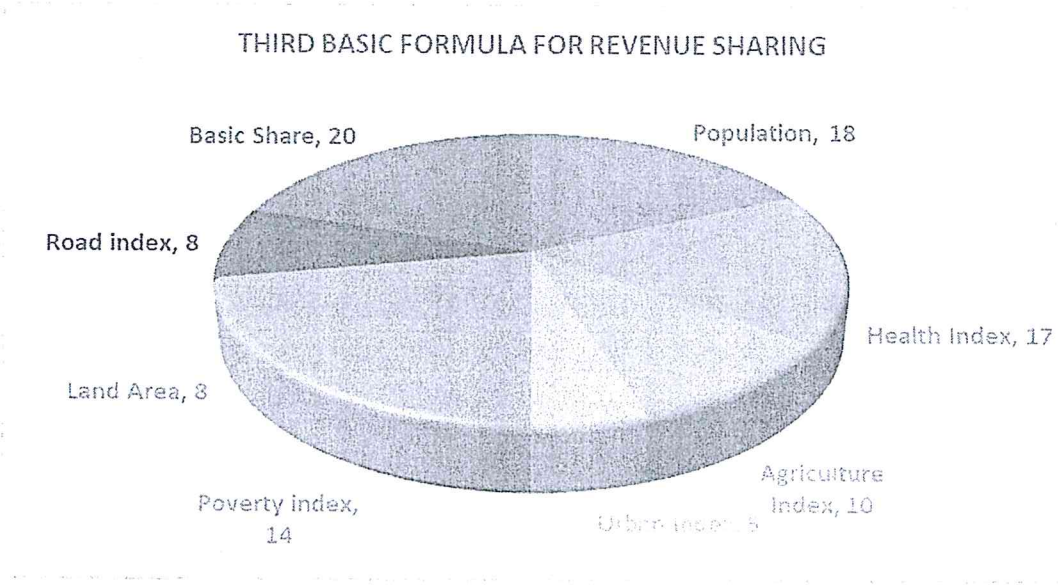
Table 2.2: Detailed itemized external revenue

ITEM	Approved Budget	Supp II	Q1-3	Quarter 4	Cumulative Total	% Performance
EXTERNAL SOURCES						
Equitable Share	15,951,600,000	15,919,950,000	5,253,583,500	10,666,366,500	15,919,950,000	100
Equitable Share for FY 2019/2020-Unremitted	3,500,697,260	3,500,697,260	-	3,500,697,260	3,500,697,260	100
Grant MOH-Frontline workers		100,200,000	-	100,200,000	100,200,000	100
Compensation For User Fees Forgone	79,423,251	79,423,251	-	79,423,251	79,423,251	100
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		45,000,000	100
DANIDA -Grant for Universal Healthcare in Devolved Governments	45,270,000	45,270,000	-		-	-
Conditional Grants to Development of Youth Polytechnics	16,009,894	16,009,894	8,004,947	8,004,947	16,009,894	100
World Bank Loan for Transforming Health System for universal Care System	60,494,430	60,494,430	-		-	-
Agriculture Development Support Project	15,955,893	15,955,893	-	13,517,925	13,517,925	85
Total	**20,641,785,660**	**20,710,335,660**	**5,306,588,447**	**14,368,209,883**	**19,674,798,330**	**95**

53. Although the National Government sent a bigger proportion of funds to the county rather late in the fourth quarter, it has continued to honor its obligation by disbursing the amounts set by the CRA formula. The CRA sharing formula for revenue (second basis) among counties that has been in place for a period of 3 financial years up to end of 2019/20 considers the following parameters: population with a weight of (45%); Poverty Index (20%); Land Area (8%); Basic Equal Share of (25%) and Fiscal responsibility of (2%). In the last financial year 2020/2012, counties were to receive equitable share funds based on the Third Basis allocation; however, it was not implemented and so Nairobi County remained disadvantaged in terms of per capita

allocation of equitable share. However, the County is optimistic that with the recovery of the country from the Covid-19, the revised Third basis Formula that is as shown in figure 2.4 below will be implemented as from 2021/2022 financial year, which will see the county receive approximately Ksh19.249 billion.

Fig2.7: Proportion of parameters in the Third Basic Formula



Own Source Revenues

54. By end of 30th June 2021, total own source revenues amounted to Ksh 9,941 million against a target of Ksh 16,460 million. This was an underperformance of 39.6% though an improvement compared to Ksh 8.5 billion in 2019/20 financial year. However, compared to financial year 2019/20 of Ksh10.2 billion, the internal revenue underperformed slightly, a sign that it remains affected by the Covid-19 impacts but an indication that it is in a recovery trajectory. There is slow but partial pick up of economic activities in the county. The County Treasury is however hopeful that the measures currently being implemented in partnership with Nairobi Metropolitan Services and Kenya Revenue Authority will bear fruits in the both the short term and long term to improve on the revenue performance. There was underperformance in most of the revenue

streams as depicted in table 2.3 below thus affecting the realization of the internal revenue targets.

This was attributed to;

- The impact of COVID-19 on the economy with slow pick up of economic activities within the county. Businesses which are key source of revenue to the county remains affected copped with high exchange rate of foreign reserves with the shilling depreciating against the dollar that makes it expensive for businesses to stock goods.
- Multiple collection systems (LAIFOMS, NBK system, NRS)[11] that are not integrated that make following up on defaulter a big challenge as the payer's accounts are not updated in real time
- Continuous Default by GoK and its agencies to pay rates and loading zones
- Incomplete data for revenue streams to inform realistic targets and enhance compliance
- Court injunctions challenging some county levies e.g., collections at the Airports, Oil tankers, dry cereals, livestock, professional bodies etc
- Lack of legal framework to enforce on defaulters

55. The key revenue streams for the county have remained unchanged over the past financial years; they include: rates, single business permit, parking fees, building permits, billboards and adverts and house rents. The performance of these dominant drivers of the local revenue constituted approximately 27.8%, 16.6%, 15.3%, 7.4%, 7.1% and 5.9% respectively in financial year 2020/21 (see Table 2.2).

[11] LAIFOMS-local Authorities Integrated Financial Operations Management System; NBK-National Bank of Kenya and NRS-Nairobi Revenue System

Table 2.3: Internal Revenue/Own Sources Revenue (OSR) FY 2020/21 as at 30th June 2021

REVENUE STREAM	% Performance compared to Target for FY 2019/20	Target for 2020/21	Actual for 2020/21	Deviation for 2020/2021 from Target	% Performance compared to Target for 2020/21
RATES	47.71	5,057,511,170	2,766,193,658	(2,291,317,512)	54.69
SINGLE BUSINESS PERMITS	54.88	2,562,102,000	1,649,739,960	(912,362,049)	64.39
PARKING FEES	55.92	2,800,000,000	1,519,476,673	(1,280,523,327)	54.26
BLDNG PERMITS	21.75	1,500,000,000	713,133,746	(786,866,254)	47.54
BILLBOADS & ADVERTS	52.91	1,200,000,000	736,338,078	(463,661,922)	61.36
FIRE SERVICES	47.59	450,000,000	211,133,219	(238,866,781)	46.92
HOUSE RENTS	80.49	606,000,000	584,253,177	(21,746,823)	96.41
FOOD HANDLERS' CERT	42.66	210,000,000	91,148,523	(118,851,477)	43.40
WAKULIMA MARKET	56.77	216,000,000	159,956,034	(56,043,966)	74.05
OTHER MARKETS	24.14	159,956,034	166,717,976	6,761,942	104.23
REGUL. OF BLDNG/ CHANGE/AMALG/SUB	53.01	150,000,000	123,262,135	(26,737,865)	82.17
WAYLEAVE	73.33	150,000,000	22,430,869	(127,569,131)	14.95
GARBAGE/TIP CHARGES	20.00	60,000,000	15,001,152	(44,998,848)	25.00
MARKET STALLS RENTS	85.29	120,000,000	96,947,446	(23,052,554)	80.79
MUTHURWA MARKET	59.7	120,000,000	76,013,711	(43,986,289)	63.34
LIQUOR LICENSES	61.94	250,000,000	279,429,434	29,429,434	111.77
OTHER INCOMES	62.42	847,941,966	729,768,955	12,918,959,846	86.06
TOTAL OSR REVENUES	**49.68**	**16,459,511,170**	**9,940,944,746**	**6,518,566,424**	**39.6**

Rates

56. Total accumulated collections from rates in the financial year 2020/2021 was Ksh 2.766 billion; an underperformance of 45.3% against the set target of Ksh 5,057 billion. However, this was an improvement compared to a collection of Ksh 1.873 billion in the financial year 2019/20. The underperformance can be attributed to: Inadequate enforcement mechanisms of rate defaulters due to the COVID-19; default by GOK; Inaccurate payer's data; overstated penalties and interests as well as the outdated rates record and the use of old valuation based on 1982

values of land which continues to be an impediment in the realization of improved collection of rates. As part of the revenue enhancement strategy the county will do the following:

- Implementation of the GIS based valuation roll with current land values
- Leverage on digitization of rates to make it easier for customers to obtain bills and pay online.
- Updating of rates records/data
- Capping of the penalties and interests in line with the existing laws
- Granting of waivers on penalties and interests to enhance compliance
- Enhance enforcement to ensure reduced defaults on rates

Single Business Permits

57. Collection from single business permit for the financial year 2020/2021 was approximately Ksh 1.650 billion against a target of Ksh 2.562 billion a performance of 64.3 percent. The FY 2020/21 collection however, only increased marginally by approximately 63 million from the FY 2019/20 which was Ksh 1.587 billion against a target of Ksh 2.892 billion. This shortfall can be attributed to the continued negative impact of COVID-19 pandemic that saw a number of SME shut down business for a period of time especially in the service industry. Although some businesses have opened up, some closed up business completely while others are yet to normalize their operations. However, there is optimism that businesses will return to pre-pandemic levels after the lifting up of the 18-month night curfew thus supporting revenue collections. Other factors that hindered optimal revenue collection for this revenue stream includes; lack of enforcement mainly due to Covid-19 and undercharge by online applicants. To improve revenue from Single Business Permits, the county will seek to:

- Implementation of trade licensing act of 2019.
- Continuous inspections and updating of business register
- Carry out a baseline census on business in the County to establish accurate records for proper projections to enable optimize revenue from this stream.

Parking Fees

58. Total collection from parking fees amounted to Ksh 1.519 billion in the financial year 2020/2021 against a set target of Ksh 2.800 billion; a performance of 54.26 percent. The 2020/2021 financial year collection was however, lower by 26 million compared to the collection of Ksh 1.545 billion against a target of 2.76 in the financial year 2019/2020. The underperformance was attributed to: half charge on seasonal tickets for public vehicles in line with the Ministry of Health guideline limited carrying capacity to 50%, default by public vehicles terminating outside the CBD. To enhance revenue collection for this stream over the medium term the county will embark on the following interventions;

- Restore full charges for public vehicles following the lifting of the Covid-19 restrictions
- Enhance enforcement on vehicles terminating outside CBD to enhance compliance
- Issue demand notices to all SACCOs for all of their vehicles to enhance self-regulations
- Forward Sacco's defaulters list to enforcement officer

Building Permits

59. Total collections from building permits in the financial year 2020/2021 was Ksh 0.713 billion in the financial year 2020/2021 against a set target of Ksh 1.500 billion; a performance of 47.54 percent. This was Ksh 256 million more than that of FY 2019/2020 that was Ksh. 457 million against a target of Ksh.2.1 billion a sign of resilience and recovery in the construction industry following the adverse effects of COVID-19 that led to uncertainty in the economy and restriction of movements that affected the construction industry. However, the non-realization of the set target of the 2020/2021 financial year can be attributed shut down of the e-construction system that resulted to no payment and approvals. In order to enhance revenue from this stream, there is need for restore the e-construction system to enable applications, payments and approvals, enhance field surveillance to ensure that all on going constructions have been paid and have approval.

Advertisements & Bill Boards

60. The total accumulated revenues from billboards and advertisements as at June 2020 was Ksh 0.736 billion against a set target of Ksh 1.200 billion; a performance of 61.36 percent. This collection was however, 18 million lower than the Ksh 754 million collected in 2019/2020. The low collection was as a result of low activities due to the Covid-19 effects. However, this revenue stream can be improved by continues monitoring all billboards; enhancing capacity for enforcement; enhanced surveillance; compliance; and prompt billing for advertisers.

2.3 EXPENDITURE PERFORMANCE FOR FY 2020/21

61. The total expenditures for the financial year 2020/2021 was approximately Ksh 30.135 billion against a revised target of Ksh 37.881 billion; an increment of Ksh 6.782 billion from the actual expenditure realized in the financial year 2019/20 that was Ksh 23.353 (see Table 2.4). The overall absorption rate of the total budget was 80 percent; also, an improvement compared to the 2019/2020 absorption of 63.15 percent. Development expenditure for 2020/2021 was Ksh 5.629 billion against a revised target of Ksh 8.476 billion indicating a performance of 66 percent; this was also an improvement compared to development expenditure of 2019/2022 that was Ksh 1.980 billion. The low absorption of the budget can be attributed to late disbursement of funds from the National Treasury and governance issues. Of the total actual expenditure, recurrent expenditure accounted for Ksh 24.506 billion representing an absorption of 83 percent; which is also an improvement compared to the Ksh 20.07 billion that was spent in recurrent expenditure in the financial year 2019/2020.

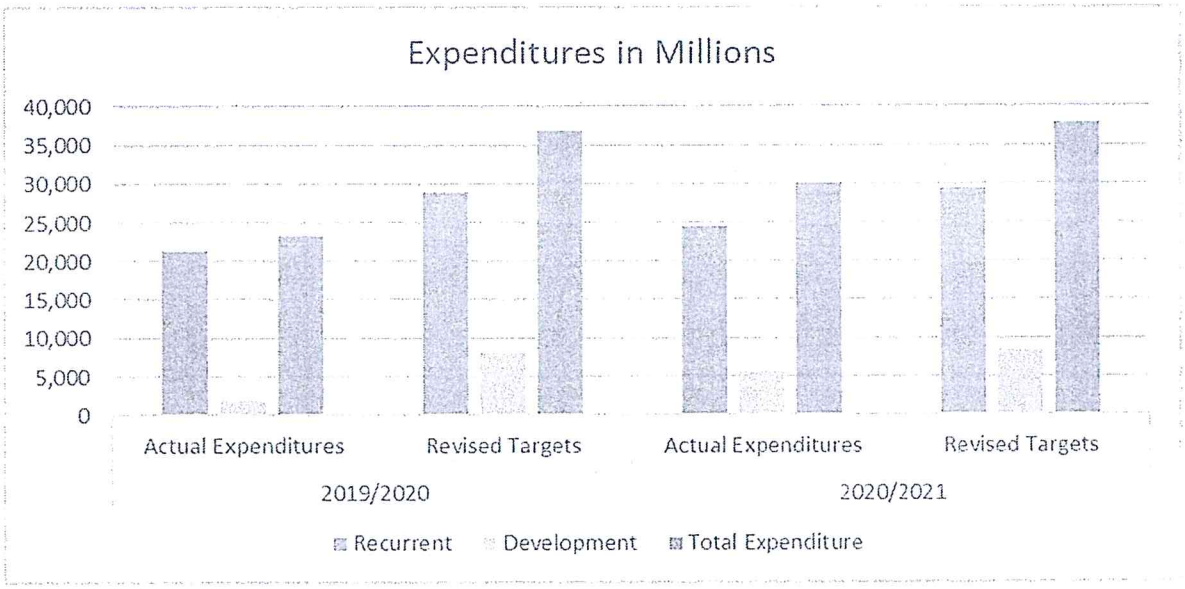
62. Of the total recurrent expenditure for the financial year 2020/2021, compensation to employees for the County executive was approximately Ksh 6.430 billion while that for the Assembly was Ksh 0.8 billion. The recurrent total recurrent remitted to the NMS was Ksh 5.863 billion. The county assembly also spent Ksh 1.805 billion and the liquor board spent Ksh 0.294 billion.

Table 2.4: Expenditure by Economic classification in Millions

ITEM	Approved Targets (Budget)	Revised Target (Supp II)	Actuals	% Performance
EXPENDITURE				
RECURRENT				
Transfer to County Assembly	1,409,977,879	1,805,319,467	1,805,301,492	100
County Executive	10,345,450,718	21,146,351,184	16,543,122,672	78
Liquor Board	200,000,000	294,339,821	294,328,552	100
Transfer to NMS	14,907,081,689	6,159,657,349	5,863,662,865	95
Sub-total (Recurrent)	**26,862,510,286**	**29,405,667,821**	**24,506,415,582**	83
DEVELOPMENT				
Transfer to County Assembly	600,000,000	50,652,405	17,284,143	34
County Executive	1,169,465,995	3,352,414,707	1,394,742,749	42
Liquor Board	50,000,000	50,000,000	-	-
Transfer to NMS	9,023,000,000	5,023,000,000	4,217,202,994	84
Sub-total (Development)	**10,842,465,995**	**8,476,067,112**	**5,629,229,886**	66
Total Expenditure	**37,704,976,281**	**37,881,734,933**	**30,135,645,467**	80

Source: County treasury

Figure 2.8: Summary of expenditure by economic classification



63. From figure 2.8 above, a general observation is that there is underperformance in all on the different expenditure categories. Though there are slight improvement on the development expenditure in 2020/2021 compared to 2019/2020, the expenditure on development was only 18.68 percent of the total County's expenditure. And of the total development expenditure of Ksh 5.629 billion, most of the expenditure was by the NMS (Ksh 4.217 billion). The county executive spent Ksh 1.394 billion while the County Assembly spent approximately 0.017 billion on development vote in 2020/2021.

2.4 KEY REVENUE STREAMS PERFORMANCE BY FIRST QUARTER 2021/2022

64. By end of first quarter of the FY 2020/21 (30th September 2021), approximately KSh 4.615 billion was received; this was 11.82 percent of the total revenue target of Ksh 39.027 billion. Out of the total revenue received, Ksh 3.176 billion (16.36 percent of annual target of Ksh 19. 416 billion) was from external revenue mainly equitable share; while only Ksh 1.438 billion 7.11 percent of annual target of Ksh 19.610) was from own source revenue streams. The main own source revenue streams as at end of September 2021 were: Parking fees at 24.91 percent of the

total Ksh 1.438 billion; Billboard's 12.89 percent, Rates at 11.97 percent and Building Permits at 9.86 percent. A collection of Ksh 64.753 million was also collected in form of AIA from liquor license fees.

Table 2.5: SUMMARY OF REVENUE FOR THE FIRST QUARTER OF THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2021

No.	Revenue Stream	Annual Targeted Revenue (Ksh)	Actual Revenue Total (Ksh)	% Performance against Annual Target
1	RATES	7,458,283,311	172,219,574	2.31
2	SINGLE BUSINESS PERMITS	2,750,000,000	106,005,662	3.39
3	PARKING FEES	3,025,000,000	358,406,316	11.85
4	BLDNG PERMITS	1,500,000,000	141,912,534	9.46
5	BILLBOADS & ADVERTS	1,200,000,000	185,545,549	15.46
6	FIRE SERVICES	450,000,000	653,155	4.37
7	HOUSE RENTS	606,000,000	99,272,854	16.38
8	FIRE INSPECTION CERT	450,000,000	19,653,155	4.37
9	FOOD HANDLER'S CERT	250,000,000	31,391,465	12.56
10	OTHER MARKETS	538,770,000	102,864,602	19.09
11	LIQUOR LICENSES-AIA	250,000,000	64,753,955	25.91
12	OTHER INCOME	1,582,691,360	156,755,294	9.90
	TOTAL OWN SOURCE REVENUES	**19,610,744,671**	**1,438,780,960**	**7.11**
	EXTERNAL SOURCES			
13	EQUITABLE SHARE	19,250,000,000	3,176,196,773	16.50
14	DANIDA -UHC	35,272,875	-	
15	WORLD BANK -THS	87,492,017	-	
16	ASDSPII	36,639,733	-	
17	UNFPA	7,386,704	-	
	SUB TOTAL (EXTERNAL SOURCES)	**19,416,791,329**	**3,176,196,773**	**16.36**
18	**TOTAL REVENUES**	**39,027,536,000**	**4,614,977,733**	**11.82**

65. In order to enhance revenue collection, the following measures are proposed; restoration of the e-construction system to enable applications, payments and approvals for building permits; Full implementation of various legislations related to all revenue streams; carry out a baseline census on business in the County for accurate records; Implementation of the GIS based valuation roll with current land values; Leverage on technology to make it easier for customers to obtain bills and make payments online as well as improve tracking and generation of payment receipt. Continuous surveillance and enforcement and consideration of waivers on penalties and interests will also enhance compliance.

2.5 EXPENDITURE PERFORMANCE FOR FIRST QUATER 2021/2022

66. As depicted in table 2.6 below, the total expenditure as at 30th September 2021 was Ksh 2.588 billion; 6.53 percent of the total annual budget of Ksh 39.627 billion. The entire amount was spent on recurrent expenditure as no development expenditures were made during this period. The under absorption is largely attributed to the late approval of the Appropriation Act 2020.

Table 2.6: **FIRST QUARTER 2021/2022** *EXPENDITURE*

Expenditure Items	Approved Estimates 2021/2022 (Ksh)	Cumulative actual as at 30th September 2021 (Ksh)	% Performance
RECURRENT			
Transfer to County Assembly	1,545,872,087	162,175,263	10.49
County Executive	12,813,784,596	1,461,567,529	11.41
Liquor Board	200,000,000	41,059,894	20.53
Transfer to NMS	12,106,040,000	923,654,424	7.63
Sub-total (Recurrent)	**26,665,696,683**	**2,588,457,110**	**9.71**
DEVELOPMENT			
Transfer to County Assembly	1,506,000,000	-	-
County Executive	3,373,768,736	-	-
Liquor Board	50,000,000	-	-
Transfer to NMS	8,032,070,580	-	-
Sub-total (Development	**12,961,839,316**	**0**	**-**
Total Expenditure	**39,627,535,999**	**2,588,457,110**	**6.53**

Table 2.7: **FIRST QUATER 2021/2022** ***EXPENDITURE BY SECTOR***

S. NO	Name of Sector	Budget		Cumulative Total		Absorption %	
		Development	Recurrent	Development	Recurrent	Development	Recurrent
1	5311000000 COUNTY PUBLIC SERVICE BOARD	48,767,830	81,508,840	-	3,861,815	-	0.04
2	5312000000 OFFICE OF GOVERNOR & DEPUTY GOVERNOR	380,205,873	5,011,402,510	-	589,250,760	-	0.11
3	5313000000 ICT, E-GOVT & PUBLIC COMMUNICATIONS	419,150,000	307,636,687	-	10,935,140	-	0.03
4	5314000000 FINANCE & ECONOMIC PLANNING	53,000,000	2,155,247,052	-	485,487,556	-	0.22
5	5318000000 EDUCATION, YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES	545,850,000	1,842,464,923	-	121,093,776	-	0.06
6	5319000000 TRADE, COMMERCE, TOURISM & COOPERATIVES	324,337,738	737,653,859	-	36,488,445	-	0.05
7	5320000000 PUBLIC SERVICE MANAGEMENT	25,000,000	1,903,161,504	-	31,711,758	-	0.02
8	5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	84,675,000	332,294,287	-	27,776,589	-	0.08
9	5315000000 HEALTH	-	69,518,950	-	13,565,300	-	19.51
10	5316000000 URBAN PLANNING AND LANDS	-	51,680,314	-	755,108		1.46
11	5317000000 PUBLIC WORKS, TRANSPORT & INFRASTRUCTURE	-	51,398,929	-	353,149	-	0.68
12	5323000000 ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	-	53,606,355	-	729,133	-	1.36
13	5325000000 WARD DEVELOPMENT FUND	1,492,782,295	76,210,386	-	-	-	-
14	5326000000 EMERGENCY FUND	-	140,000,000	-	139,559,000	-	99.68
15	5322000000 COUNTY ASSEMBLY	1,506,000,000	1,545,872,087	-	162,175,263	-	0.1
16	5327000000 LIQOUR LICENSING BOARD	50,000,000	200,000,000	-	41,059,894	-	0.2
17	5328000000 NAIROBI METROPOLITAN SERVICES	8,032,070,580	12,106,040,000	-	923,654,424	-	0.07

67. Figure 2.7 above gives absorption by sector for both recurrent and development expenditure for first quarter of the FY 2021/22. The non-commencement of projects by the various sectors for the first quarter of the financial year 2021/2022 resulted from limitations of the Vote on Account; however, implementation is expected to pick up in the 2nd, 3rd & 4th Quarter of the financial year.

Debts

68. The county debt as at 30th September 2021 was Ksh 79.085 billion; an increment of approximately Ksh 2.183 billion from that of 31st December 2020 which was Ksh 76.902 billion. The county debt is in an increasing trajectory even when we consider the 31st December 2019 figure that was Ksh 76.5 billion.

Table 2.8: Summary of Outstanding Liabilities as at 30th September 2021

NO.	CATEGORIES	OUTSTANDING AS AT 30TH JUNE 2021 (KSH)	ADDITIONS CHARGERS FOR FIRST QUARTER 2021)	AMOUNT PAID WITHIN FIRST QUARTER	OUTSTANDING AS AT 30TH SEPTEMEBR 2021 (KSH)
1	KRA (PAYE)	526,754,010.41	172,489,967.40	109,375,934.10	589,868,043.71
	KRA PAYE - PENALTIES & INTEREST	105,797,982.85	0	-	105,797,982.85
	KRA(VAT)	118,553,642.00	0	-	118,553,642.00
	SUB-TOTAL KRA	**751,105,635.26**	**172,489,967.40**	**109,375,934.10**	**814,219,668.56**
2	NSSF	**381,157,936.00**	0	-	**381,157,936.00**
3	LAPTRUST-Principal	6,570,318,710.76	182,616,238.25	122,605,197.35	6,630,329,751.66
	LAPTRUST-Penalties & Interest	10,839,659,603.82	661,846,957.41	-	11,501,506,561.24
	Subtotal Laptrust	**17,409,978,314.58**	**844,463,195.66**	**122,605,197.35**	**18,131,836,312.90**
4	LAPFUND Principal, penalties and interest	23,099,753,034.26	64,812,197.72	878,456,634.75	**22,286,108,597.23**
5	KPLC	**491,584,315.70**		0	**491,584,315.70**
6	WATER BILLS	**234,997,059.00**	-	0	**234,997,059.00**
7	LOANS	**4,449,656,188.55**	-	0	**4,449,656,188.55**
8	RETIREES BENEFITS	**138,208,116**	-	0	**138,208,115.85**

NO.	CATEGORIES	OUTSTANDING AS AT 30TH JUNE 2021 (KSH)	ADDITIONS CHARGERS FOR FIRST QUARTER 2021)	AMOUNT PAID WITHIN FIRST QUARTER	OUTSTANDING AS AT 30TH SEPTEMEBR 2021 (KSH)
9	CONTINGENT LIABILITIES				
	GOK GUARANTEED LOANS	15,328,285,000	-	-	15,328,285,000.00
	ON LENT WATER LOANS(FOREIGN)	3,815,640,000.00	-	0	3,815,640,000.00
	LAPTRUST ACTUARIAL DEFICIT &INTEREST	2,624,372,573.00	-	-	2,624,372,573.00
	TOTAL CONTINGENT LIABILITIES	68,724,738,172.21			68,696,065,766.79
10	**TOTAL SUPPLIERS AND CONTRACTORS**	3,672,903,853.96			3,672,903,853.96
11	**LITIGATIONS AND DECRETALS**	6,766,923,142.45		50,000,000	6,716,923,142.45
	GRAND TOTAL	79,164,565,168.62			79,085,892,763.20

69. Although the debt level in the County was already a threat to its financial performance, the pandemic has also contributed to its high build up. The county's low revenue realization during the pandemic caused the County not to meet its various payment obligations as depicted in table 2.8 above. This perpetual increment in debt as some continue to accrue interest, pose a strain on the County's revenues thus a major challenge in execution of its development obligation as it results in diversion of funds that would have otherwise been channeled to critical development projects. There is need for effective own source revenue mobilization and fostering credible and transparent debt sustainability policies through the full implementation of the County Debt Management Strategy Paper.

70. The County will ensure prudent fiscal management of County resources and entrench efficiency in operations to ensure payment obligations are met on time and at lowest possible. There will also be implementation of recommendations contained in the debt management strategy 2022.

Wages

71. In the financial year 2020/21, the total amount spent on compensation to employ was Ksh 13.094 billion against actual realized revenue of Ksh 29.615 billion giving a proportion of approximately 44 percent of wage cost; which remains way higher than the PFMA Act, 2015, that sets the ceiling to county governments at 35 percent of their total revenue. The employee cost of Ksh 13.0944 billion was a slight decrease compared to that of Ksh 13.243 billion spent in 2019/2020; however, this wage cost is still high compared to that of financial year 2018/19 that was Ksh 12.899 billion. The high wage cost clearly undermined the realization of the County's fiscal responsibilities. However, the county is working towards improving efficiencies of human resource to enhance revenue.

CHAPTER THREE: TARGETED DEVELOPMENT FOR SUSTAINED RECOVERY AND IMPROVED LIVELIHOODS

3.1 INTRODUCTION

72. The 2022 Fiscal strategy paper depicts a paradoxical environment characterized by optimism of overcoming the Covid-19 Pandemic and subsequent economic recovery on one hand, and increased economic uncertainties that has doggedly afflicted the economy in election years on the other. The global economy is projected to grow by 5.9 percent in 2021, from a contraction of 3.1 percent in 2020. Domestically, Kenya's economy rebounded strongly in the second quarter of 2021, with real GDP growing 10.1 percent supported by easing of COVID-19 containment measures. Economic growth is projected to rebound to 6.0 percent in 2021. The National treasury has forecasted a slight drop in 2022, with the economic growth rate projected to be at 5.8 percent. In terms of fiscal years, economic growth is projected to recover to 5.9 percent in FY 2021/22 from 2.9 percent in FY 2020/21.

3.2 Guiding Philosophy

73. This will be the final CFSP towards the implementation of the CIDP 2018-2022. It provides an appropriate platform to assess the achievements in implementation of the current development plan and subsequently pave way for formulation of the next CIDP. This planning and policy environment calls for a deliberate targeting of development in an effort to meet the envisaged aspirations of the government and the high expectations of Nairobians. This paper therefore emphasizes on improving the livelihoods of the County's population through a targeted and most efficient approach. Significant policy adjustments have been advised as a precondition for providing adequate services, and a favorable ecosystem for growth and investment.

74. Conclusion of all ongoing projects will be given the first priority, to ensure citizens derive maximum value out of the already invested resources. The overall budget implementation will be guided by the eight development agenda espoused in the CIDP, all in an effort to contribute to the achievement of the national big four agenda and the Vision 2030.

3.3 Developmental considerations for the 2022/2023 budget

75. The county remains fully committed to provide the fourteen functions allocated by the constitution, through continuous improvement of the institution and cooperation with its agencies, stakeholders and the National government. This is pursuant to Section 116 of the county government act that obligates counties to provide adequate services; equitably, efficiently, transparently while ensuring accessibility, non-discrimination and accountability. Section 117 requires the county to prioritize provision of basic services, promote development of public service delivery institutions for continual improvement of standards and quality, in a financial and environmental sustainable manner. The spirit behind this is to ensure county services are satisfactory and continuous.

3.3.1 The Nairobi City County planning context

76. Implementation of the CIDP 2018-2022 will end in the FY 2022/2023. The CIDP 2018-2022 had anticipated the implementation of eight key development objectives, all in an aim to transform the lives of Nairobian in the medium term, and make Nairobi the city of choice to invest work and live in, in the long run. The development agenda was crafted to;

1. Provide quality physical infrastructure in the city,
2. Provide economic growth opportunities to diverse groups including youth, women, PWD's,
3. Provide reliable, accessible, quality and affordable healthcare,
4. Provide accessible, affordable and quality ECD and vocational opportunities for all,
5. Promote food and nutritional security for all,
6. Promote good governance, public participation and rule of law,
7. Increase access to affordable and quality housing, and
8. Provide clean energy, safe drinking water, waste management and sanitary services in a secure sustainable environment.

77. Nairobi City is the Capital of Kenya, a major gateway to East and central Africa and a major economic hub in the region. Its relevance both nationally and regionally cannot be belittled. However, the City County faces significant challenges which threaten the achievement of its full potential. The county development challenges are multi-faceted, with social, economic and infrastructural impediments to achievement of the desired state. As cities increasingly have to compete on the global level, it is vital for the Nairobi City County to establish an attractive environment for business, residence and investment. Local growth has to be promoted, while at the same time attracting foreign investment. It is crucial to confront these challenges in order to create an inclusive society, provide world class services, establish a thriving economic environment and improve the global and regional strategic position.

3.3.2 Non-discretionary expenditure

78. Resource allocation is a complex affair, given the insufficiency compared to the competing demands. Some expenditure cannot be avoided and will hence be given priority before allocation to all other needs. In this regard, salaries and wages, utilities, transfer to other government agencies, insurance and commission for revenue mobilization will be allocated sufficient resources before consideration of other expenditure areas.

3.3.3 Ongoing projects and Counter-part funding

79. The county has a huge stock of ongoing projects, some that have been in the same state for a long time. Incomplete projects are a major impediment to realization of development objectives, and also deny the public the value expected from the investment of public resources. In this regard, and to ensure that all projects commenced within the life of the current CIDP are fully completed and commissioned for use, the ongoing projects will be allocated sufficient resources for due completion before starting new projects.

80. Donor funds are an important source of investment financing that bridges the gap of resource insufficiency. Counterpart funding is a requirement by donors to ensure the recipient accords necessary interest and also commitment to the target projects. Allocating resources for

counterpart funding is a necessity for unlocking investment by donors. In this regard, the government will allocate sufficient resources to all projects with this conditionality.

3.3.4 Socio-Economic considerations

81. ***Health care and The Covid-19 Pandemic;*** Nairobi County is the home to well renowned medical facilities which provide world class health services. Despite this, the number of health facilities is considerably low compared to the high and ever increasing population, and the high number of referral cases from other Counties. Health provision is a constitutionally allocated responsibility to the county, but the input and demand for the service cannot be met by the government on its own. Private health providers have bridged this gap, and their role and relevance in service provision has gained prominence.

82. Nairobi county has a myriad of health challenges including a high burden of communicable diseases, high and increasing incidences of Non-Communicable Diseases (NCD), high demand for maternal, Neo-Natal, Child and Adolescent health services, Insufficient and unequipped health facilities, Inadequate health personnel, High incidence of Covid-19 infections and increasing volume of medical waste.

83. The FYs 2019/2020, 2020/21 and 2021/22 have been subjected to unprecedented times brought about by the COVID 19 pandemic, which has highlighted the gaps in the healthcare system. The Covid 19 pandemic caused an influx of hospital admissions, demand for more staff and hospital supplies and equipment like ambulances and oxygen, together with an increased loss of people's livelihoods which has consequential negative effect on health with a rise in malnutrition, mental related issues and gender based violence.

84. Towards actualization of the third Objective of the CIDP 2018, the government seeks 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. Specifically, adequate resources will be allocated for hire of additional doctors and specialized nurses to

benefit from the new equipment's acquired through the leasing of medical equipment scheme. Further, substantial investment will be made towards the preventive mechanisms to reduce the number of hospitalization. This will be achieved through improved access to quality healthcare services, narrowing health personnel: patient ratios and improvement of working conditions, and ensure availability of medical and pharmaceutical commodities for both communicable and non-communicable diseases in public health facilities.

85. ***Food Insecurity & Malnutrition;*** Nairobi City's agricultural production is currently 20% of food consumed within the City County hence Nairobi remains a net importer of food. This overreliance on imported food poses a serious food security challenge. Most of the crops grown locally are meant for consumption by the farming households while the surplus is sold to earn supplementary income. Not only is this inadequate for sustainable food security within the City County, but the lack of enabling infrastructure potentially hampers any realistic prospects of active participation in export agriculture. The government has continuously promoted urban agriculture to enable embrace of farming on the limited and highly congested space. The fifth objective of the CIDP 2018 seeks to promote intensive technologies and install green houses, water harvesting tanks, drip kits and fish ponds. Food surveillance is also proposed to ensure food safety is adhered to. This target will continuously be pursued not only in the financial year 2022/2023 but also in the medium term and in the long term.

86. ***Rapid Population Growth;*** Like many other cities in developing countries, Nairobi has experienced very rapid population growth in the last 30-40 years. According to the 2019 Kenya National Population and Housing Census, the population of Nairobi County was 4,397,073 people. This population is projected to increase to 5,118,844 million people by 2022 and 7,030,891 by 2030. Rural-Urban migration is a critical factor as far as population growth in the County is concerned.

87. The high population has exerted pressure on the existing physical facilities including housing, especially for the low and middle income earners. It's difficult to provide social amenities at a pace that matches the population growth hence facilities like water and sewerage

have been overstretched. The County faces the challenge of providing all the social amenities to this population especially in the informal settlements.

88. ***Poverty, Inequality and dependency;*** Poverty is a multi-sectoral phenomena cutting across all sectors of development in the County. The most affected categories include vulnerable groups like the unemployed youth, women, persons with disabilities, female and child headed households, slum dwellers and the aged (30.6% of people above 70 years are in absolute poverty in Nairobi), street families/children, displaced people and HIV/AIDS orphans. These categories of people face various challenges thus they remain poor.

89. The main causes of poverty in Nairobi can be attributed to economic, social and environmental factors. Economic factors causing poverty are mainly lack of employment opportunities for the labour force. This means that they lack adequate income to meet their basic needs. The cost of living has also increased with prices of basic commodities going up against constant incomes. The most affected are people who live in the informal settlements.

90. Inequality in the county has remained high, characterizing Nairobi with a dichotomy of having the most affluent residences in the country in proximity to the largest Informal Settlements in East and Central Africa. People living in the informal settlements do not own land. The informal settlements are the most populated hosting 29% of the County's population most of whom experience poor access to basic infrastructure services. This challenge has a direct correlation with the level of unemployment in the county, which is even higher amongst the youth. Allocation of resources towards cushioning the poor is therefore a necessity to place them on a path towards a better quality of life.

91. ***Insecurity;*** Different forms of insecurity have been observed in the city, a situation that has worsened with the onset of the Covid-19 pandemic. This challenge has been aggravated by the high unemployment/idleness among the youth, high level of alcohol/drug abuse and sprawling of informal settlements. Insecurity discourages investment, causes direct harm to individuals and

this situation may dim the fortunes expected in the medium term. There are concerted efforts by the national government to reverse the situation.

92. Towards guaranteeing a safe and secure environment for residents, investors and workers to operate in, 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. Community policing will be used as a tool to achieve this.

93. ***Low access to public early childhood education centers and vocational colleges;*** The largest proportion of Nairobi County's population is comprised of children and the youth. Provision of education to these two segments of the population remains key function of the county. In the medium term, major strides were made towards this end in the form of new ECD classes and polytechnics. However, the desired state has not been achieved yet. The number of ECD classes and vocational training facilities is insufficient, a situation that is made even more difficult to handle given the lack of land for the same. There is need to grow the number of ECD at a pace that will accommodate the bulging children population.

94. To ensure improved access to ECDE, the government will implement the free ECDE program in all public early childhood schools including a free school feeding programme, nutrition supplementation through the free milk programme and purchase of didactic materials for all ECD centres. The county will also focus on construction of more classrooms and renovation of existing ones where necessary.

To improve transition and retention of students in secondary and college levels, the county will strengthen the bursary scheme to ensure that bright and needy student meet their education needs.

3.3.5 Infrastructural considerations

95. ***Inadequate and aging physical infrastructure;*** Most County infrastructure has not been adequately maintained hence largely frazzled. Roads, sewerage and water systems, storm water drainage, fire stations, rental housing, waste management points and other social amenities, require proper rehabilitation to bring them back to a desirable state.

96. Road transport remains the key transport mode that accounts for movement of over 80% of goods, services and people within and outside the City. The road network has remained inelastic for the last 15 years with a total of 2970 Km, 42% being earthen, 20% murram and only 38% being of bitumen standards. Blocked drainage infrastructure, mostly due dumping, has repeatedly led to flash floods. Continued effort to unblock and expand this infrastructure is necessary to evade destruction of property and loss of life during the rainy season.

97. Commensurate investment in expansion and maintenance of Infrastructure in the medium term will guarantee sustainable development and provision of adequate economic opportunities for all Nairobians, Investors and Workers to enjoy a high quality of life.

98. ***Shortage of Land & Inadequate Housing;*** Nairobi County covers 696.1 square kilometers and has a population density of 7099 people/Km^2. Shortage of land is a major issue in the City County as the available land is overstretched. Security of tenure is a persistent problem throughout the county, with individuals lacking title deeds. Eastland's area is the most affected by this. The County has also lost to this challenge, with parcels of land that belong to it, together with some public utilities, being illegally grabbed by or unprocedurally allocated to unscrupulous developers. As a result, implementation of projects is largely hampered by lack of appropriate land. There have been rapid changes in terms of land use patterns where preference is on development of residential areas and commercial centres. Other land issues include lack adherence to spatial plans, many unresolved land conflicts, lack of an updated valuation roll, and widespread squatters menace mostly in informal areas. The joint land titling initiative by the national and county government to issue will help counter these problems.

99. ***Inadequate Housing;*** Nairobi County has an annual housing demand of 150,000 to 200,000 housing units annually yet only about 15,000 development applications were submitted in 2013 (World Bank 2016). More than 48% of the supply is for upper middle income, 35% for high income and only 2% for low income despite having the greatest housing need. The shortfall of housing supply for the low income is met through the proliferation of slums and informal settlements. This has made Nairobi to be a host of the largest informal settlements in East and Central Africa; Kibra, Kawangware, Mathare, Kangemi, Korogocho, Majengo, Kitui Village and Kiambiu. The majority of the population lives in informal settlements with limited access to appropriate housing, electricity and sanitation. The precarious physical, social and economic conditions of these settlements heavily affect residents' health and environment, in addition to severely constraining local economic development. The county strives to bridge the supply shortage by providing residential units through the county estates. The urban renewal initiative will greatly boost this endeavor and the National government agenda for provision of affordable housing through the "big four" agenda in the MTP III is a major boost.

100. This situation is worsened by the weak enforcements of building regulations, resulting in poor housing and estate development. The City County faces the challenge of providing the entire social amenities to this part of population. Provision of housing for all incomes remains a key agenda of the county and deliberate efforts to achieve this will be pursued.

101. ***Inadequate capacity for Waste Management;*** Nairobi County generates over 2500 tons of garbage per day with only 1800 tonnes being collected and transported. The remaining waste ends up in undesignated areas including illegal dumping sires, rivers, drainage systems and some alleys. The collected garbage finds its way to the final destination at the Dandora dumpsite in an environmentally unsustainable manner, whilst waste recycling remains generally low at less than 10%. Management of electronic waste is not well structured in the county, most of it not properly handled.

102. Generally, the major challenges facing Nairobi County with respect to Solid Waste Management include management of waste collection and disposal. Identification and

maintenance of final disposal sites will be a critical concern in the immediate term. There is need for private organizations to take up critical functions like recycling, transportation and Solid Waste Management. Intensive waste management sensitization to Nairobians is necessary to make the entire waste management process efficient. Approximately 50% of the county is connected to the main sewer, with new developing estates in dire need of sewer services. Initiatives that will improve connectivity to the main sewer, improve waste management and also improve recycling capabilities of the county will be considered.

103. ***Traffic Management & Control;*** The deterioration of public transport and traffic conditions has afflicted Nairobi County since the 1980s. These can be explained by the problem of inadequate means of mass public transport, the rapid increase in the number of cars mostly private, the lack of mass public transportation, poor enforcement of traffic regulations and lack of discipline on the part of both motorists and pedestrians. Much time is lost on the roads with vehicles consuming extra fuel due to the delays. This means heavy losses for the economy every day. Traffic congestion in Nairobi City costs the economy upward of Sh 37 billion annually according to an interim report by Nairobi County's Transport and Urban Decongestion committee of 2017.

104. To overcome these challenges, there is need to not only expand but also upgrade our road network. An improvement of the public transport is necessary, with a consideration for a BRT system in the medium term and light rail in the long term. A railway system in the Metropolitan area connecting Kiambu, Kajiado, and Machakos, will make this more efficient. Massive road projects such as construction of the Thika super highway, Eastern and Southern by pass ring roads has eased congestion in the City. There are also plans to open up various by-pass roads, remove the round-a-bouts, find alternative parking for motorists outside the City centre and review the Nairobi Metropolitan Public Transport Master Plan. There are also plans to have all public vehicles terminate at respective bus parks which include; Mathura, Pangani, fig tree, Country bus and Railways.

3.4 Legal, institutional and policy reforms

105. The policy environment is always dynamic and governments must remain proactive and ensure policy improvements remains up to date. This will provide a predictable and responsive governance.

106. To improve the quality of ECDE, the county will formulate the ECD teacher training policy as well as develop the child protection and welfare policy for the safety and well-being of children. The social sector will formulate the gender policy, policy on older persons and the ageing, and the community development policy to ensure all interest groups are well taken care of. The vocational education and training policy together with the free ECD policy will be finalized and the disability act reviewed.

107. For improvement of urban agriculture in pursuit of achieving food security, the county, through the food and agriculture sector, will implement the food system strategy for the next five years.

108. Record keeping remains a significant pillar in all operations of government. The county seeks to improve its record management capacity and better its record keeping practices. Towards this end the records management policy will developed and implemented.

109. Trade is a powerful means to propel economies towards growth while at the same time lead to employment creation, income generation for households and thus boosting improvement of quality of life to the people. It is also an important catalyst to economic development. Towards promotion of trade and creation of a good environment for business, the Nairobi county investment policy will be developed, Nairobi trade and industry act formulated and the market management act implemented.

110. To improve security and orderliness in the city, the bodaboda operation policy will be formulated and the community policing framework implemented. The inspectorate service standing orders will be reviewed and operationalized towards having an improved and efficient inspectorate that can adequately oversee the implementation of all other policies.

111. To operate within the legal requirements on matters finance and planning, the Finance sector will continuously prepare the requisite policies and plans. Formulation of the CIDP 2023-2028 will take precedence. Proper management of county statistics will be pursued and management of county assets also streamlined. To ensure that all financial risks are mitigated the County Risk framework will be reviewed in accordance with the new guidelines as set out by the public sector and accounting standards board. Risk management will be institutionalized by Coming up with County Risk Management Committee.

112. Use of technology remains a key enabler to the success of all other sectors. To ensure that an appropriate and competitive ICT ecosystem exists in the county an information security management system will be installed and a E-waste management policy developed. A Customer Service Policy and a Nairobi County Communication Strategy will be developed to ensure a seamless communication between Nairobi County and its stakeholders.

113. To tame the ever rising legal costs, the Legal Services Policy on payment of decretal sums and legal fee will be developed and four Directorates created in County Attorney Office for specialized legal services. Procurement of external Legal Services through framework contracts will be done also completion and implementation of service level agreement will be done.

3.5 Emerging issues

114. Transfer of functions: Articles 187 and 189 of the Constitution provides for the transfer of functions and powers between levels of Government as well as cooperation between the National and County Governments. Pursuant to Article 187 of the Constitution as read with Section 26 of the Intergovernmental Relations Act, 2012, the Nairobi City County Government (NCCG) on 25th February, 2020, transferred four of its functions to the National Government. The transfer was effected through a mutual Deed Agreement vide Gazette Notice No. 1609. The deed of transfer was expected to remain in force for an initial renewable period of 24 months, as per article 9 of the deed. It is therefore prudent to take into consideration the two probable scenarios

and ensure adequate preparations are in place. Clarity on the extension or termination of the deed will allow smooth operations as well as management of staff, assets and liabilities.

115. ***Disaster Management and preparedness:*** The City is prone to a number of natural and manmade disasters. These include terrorism, Flooding, Infrastructure failure, disease outbreaks and poverty. In this regard the Government is committed to developing and implementing a resilience plan aimed at mitigating against adverse effects of such occurrences. In the recent past, the City has made considerable progress in mitigation and response particularly for floods and fires.

In order to achieve better response times during emergencies, the Government will adopt a distributive approach of fire and ambulance services across the County. In particular, ambulance services will be operationalized through sub-counties while fire sub-stations will be established on either side of the City away from the CBD. A better cooperation framework to enable seamless collaboration with other agencies will be put in place.

116. ***Environmental management and Climate Change:*** Over the last decade, the City has witnessed a systematic depletion of forest cover as development of housing and other urban infrastructure take precedence. This trend continues to threaten the rich urban nature and biodiversity that Nairobi is endowed with. In this regard, the government will coordinate a structured programme to restore forest cover and conserve biodiversity for shared prosperity. The agriculture and forestry together with environment sectors will be strengthened to grow seedling in all areas of the city in an effort to restore forest cover.

117. ***Sector plans:*** Section 107 (1) and 109 of the county government act envisages the existence of ten year sector plans as component parts of the CIDP. To operate within these provisions, all sectors will develop the sector plans, which will be the basis for the CIDP 2023.

118. ***Accumulation of pending bills;*** In the previous years, revenue has continuously fallen short of its target. Expenditure through uncontrolled commitments has resulted to a continuous accumulation and rise of debt. To counter this challenge, and to ensure proper management of expenditure by sectors, the county treasury will provide quarterly cash flow projections and

related quarterly expenditure circulars. This will ensure that the county expenditure is in tandem with the cash flow, hence reducing the regular cash flow crunches experienced previously. Timely remittance of statutory deduction is also key to avoid accumulation of penalties

CHAPTER FOUR: BUDGET PRIORITIES FOR FY 2022/2023 AND SECTOR CEILINGS

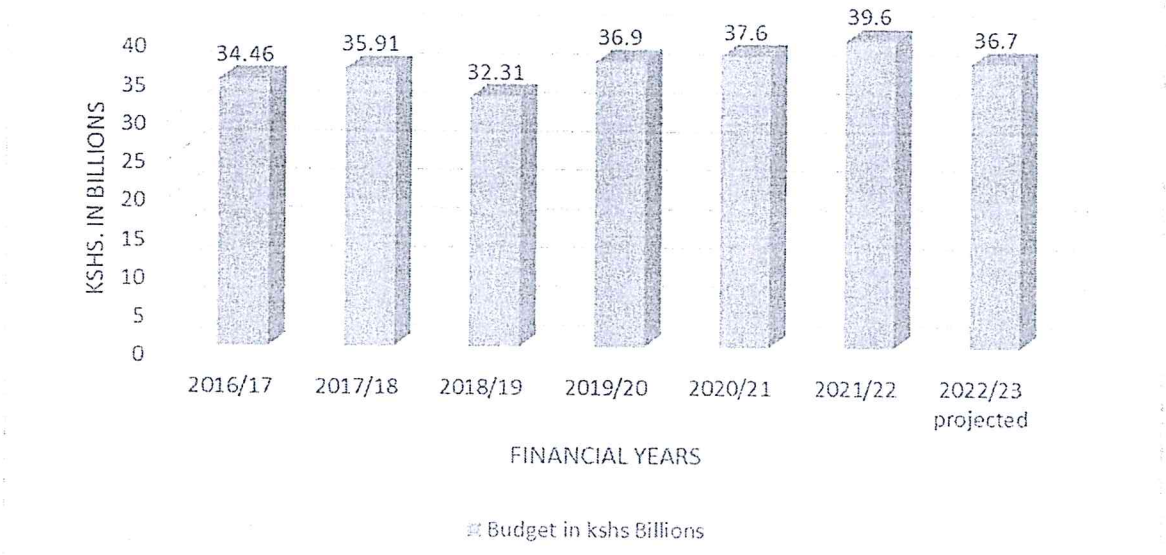
4.0 Introduction

119. This chapter outlines; the County's guiding policy on expenditure, the resource envelope, and the expenditure and revenue projections. It also outlines the broad strategic priorities and policy goals that the sectors will be pursuing for the FY 2022/23 and over the medium term.

4.1 Resource Envelope

120. The approved budget for the FY 2021/22 is 39.7 B compared to a budget amounting to 37.7B FY 2020/21. This demonstrates a slight increase of 1.1 percent from the previous budget. It also represents a marginal increase in budget compared to the previous years which had a budget Ksh. 34.46 Billion approved for FY 2016/17, Ksh. 35.91B in 2017/18, Ksh. 32.31B in 2018/19 and Ksh 36.9 Billion in 2019/20.

Fig 4.1 Previous Approved Budgets Vs 2022/23 Projection



Source: County treasury

4.2 REVENUE PERFORMANCE

121. By the end of the financial year 2020/2021, the total revenue including equitable share, conditional grants and own source revenues amounted to Ksh. 29.6 billion against revised target of Ksh. 37.2 billion. This represents an overall shortfall of Ksh. 7.6 billion. The total amount received in the financial year 2020/2021 from the National Government was Ksh 19.7 billion while as own source revenue amounted to Ksh. 9.9 billion as shown in table1.

122. The total cumulative internal revenues amounted to Kshs. 9.94 Billion against a target of Kshs. 16.46B. This represented internal revenue a performance of 60% of the revised target. The underperformance mainly affected the key revenue streams of rates, single business permits, parking fees and billboards contributing the major component of the internal revenue targets. However, the performance was better compared to the previous year of 2019/2020 which was largely attributed to the easing of containment measures of the COVID pandemic.

Table 4.1: Nairobi County Government FY 2020/2021 Revenues (Kshs)

ITEM	Approved Budget	Revised Estimates	Actuals	Deviation	% Performance
Equitable Share	15,951,600,000	15,919,950,000	15,919,950,000	-	100
Equitable Share Fy 2019/2020-Unremitted	3,500,697,260	3,500,697,260	3,500,697,260	-	100
Grant MOH-Frontline workers		100,200,000	100,200,000	-	100
Compensation For User Fees Forgone	79,423,251	79,423,251	79,423,251	-	100
Road Maintenance Levy FY 2019/2020	451,898,344	451,898,344	-	451,898,344	-
Road Maintenance Levy FY 2020/21	475,436,588	475,436,588	-	475,436,588	-
KDSP (Level 1 grant Allocation)	45,000,000	45,000,000	45,000,000	-	100
DANIDA -Grant for Universal Healthcare in Devolved Governments	45,270,000	45,270,000	-	45,270,000	-
Conditional Grants to Development of Youth Polytechnics	16,009,894	16,009,894	16,009,894	-	100

ITEM	Approved Budget	Revised Estimates	Actuals	Deviation	% Perfor mance
World Bank Loan for Transforming Health System for universal Care System	60,494,430	60,494,430	-	60,494,430	-
Agriculture Development Support Project	15,955,893	15,955,893	13,517,925	2,437,968	85
Own Source Revenues (including Liqour)	**16,459,511,170**	**16,459,511,170**	**9,940,944,747**	**6,518,566,423**	**60**
TOTAL REVENUE	**37,101,296,830**	**37,169,846,830**	**29,615,743,077**	**7,554,103,753**	**80**

Source: County Treasury, 2021

4.3 First quarter own source revenue performance for FY 2021/22

123. By the end of the first quarter for FY2021/22, the total revenue raised was kshs4.6 billion against an annual target of 39 billion. The amount received from the national government by the end of the quarter was Ksh. 3.1B and Ksh 1.4 B from the own source revenue.

Table 4.2: Revenue performance for the 1st quarter for FY2021/22

Category	Annual target	Achieved 1st quarter	% performance
External revenue			
Equitable share	19,250,000,000	3,176,196,773	0.16
World Bank-THS	87,492,017	0	-
DANIDA-UHC	35,272,875	0	-
ASDSP11	36,639,733	0	-
UNFPA	7,386,704	0	-
Total external revenue	**19,416,791,329**	**3,176,196,773**	**0.16**
Own Source Revenue	19,610,744,671	1,438,780,960	0.07
Total Revenue	**39,027,536,000**	**4,614,977,735**	**0.12**

Source: County treasury

4.4 Previous Revenue Shortfalls

124. Revenue performance has consistently fallen below the set targets in the previous years. This has adversely affected county performance in terms of service delivery. Over the years, the deficit was Ksh. 9.56 B, Ksh 9.61 B, Ksh 6.1B, 13.7B and 7.5B in the financial years 2016/17, 2017/18, 2018/19 ,2019/20 and 2020/21 respectively. This translated into severe cash flow crunches and accumulation of pending bills over time.

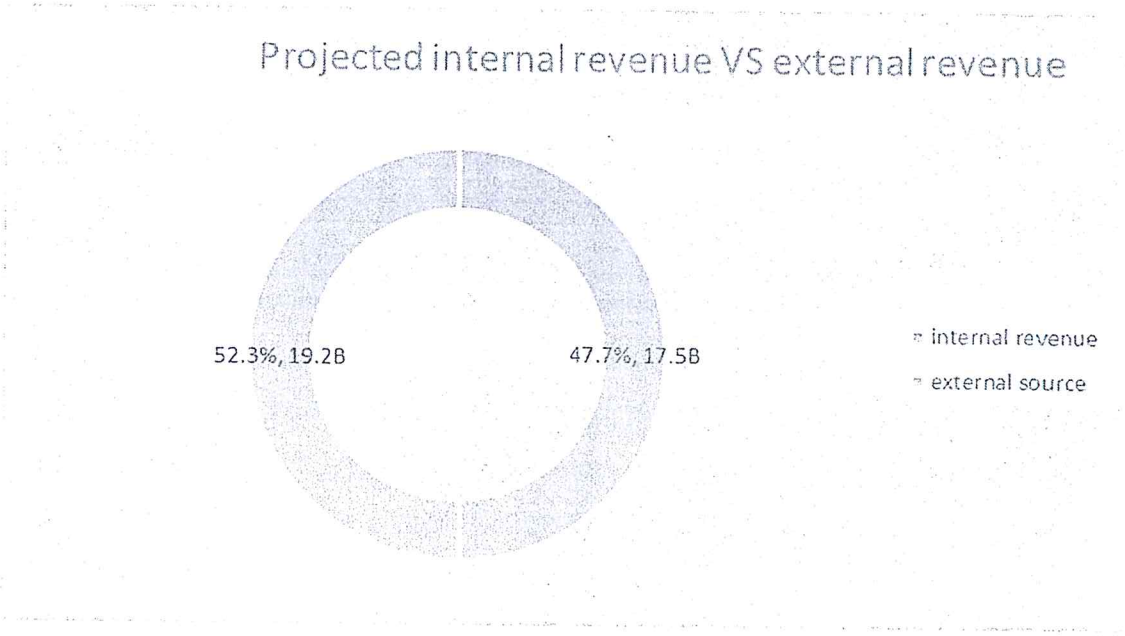
4.5 Revenue composition

125. The county budget is funded by revenue from two main sources; Internal and external sources. Over the period, the projected external revenue has always surpassed the revenue generated internally. Challenges continue to hamper full realization of internal revenue targets towards financing the budget. Historically, the fiscal gap has been wide and even worsening with time, with a revenue shortfall of 20.3 % in 2020/2021. Over the medium term, the government will seek to expand its revenue basket by reaching the segments that have not been targeted before.

4.6 Revenue Projections for FY 2022/23

126. The revenue performance has been unstable over the years, a situation predictable to continue over the medium term. The projected revenue for FY 2022/23 is Kshs. 36.7B which shows a decline compared to the previous year revenues. The projected revenue decrease is attributed to decline in equitable share and some own source revenue streams. It is also predicted that revenue collection will be affected by electioneering period.

Figure 4.4: Sources of Revenue for FY 2022/23



128. Historically, the contribution of external revenue to the total revenue has predominantly higher than internal revenue which remains the case in FY2022/23. To meet the own source revenue target will require robust revenue mobilization strategies to specific revenue streams which will not be limited to the following;

Land Rates

- Use the GIS based valuation roll with the current land values replacing the old one done in 1982
- Grant waiver on interest and penalties to enhanced compliance
- Follow up on all defaulters

Parking Fees

- Resume the official rates for monthly seasonal tickets for public vehicles following the resumption of full carrying capacity

- Follow up on compliance for vehicles terminating outside the CBD
- Follow up on 100% compliance on all vehicles registered in all SACCOs

Single Business Permits

- Enhance inspection in all sub counties to increase the number of businesses in our data base from the current 188,000 to at least 300,000 in the County
- Continuous inspections and enforcement on compliance following the reopening of business after the effect of Covid-19
- Continuous updating of the business register

Outdoor Advertising and Billboards

- Enhance surveillance in all site following increased activities after the effect of Covid-19
- Follow up on advertisers in arrears
- Carryout enforcements on non-compliant companies

Building Permits and Approvals

- Ensuring that the e-constructions system is fully operational at all times
- Enhance inspections at the sub counties to ensure that all constructions have approvals

Health and Fire Certificates

Enhance continuous inspections at the sub counties to ensure compliance

External Revenue

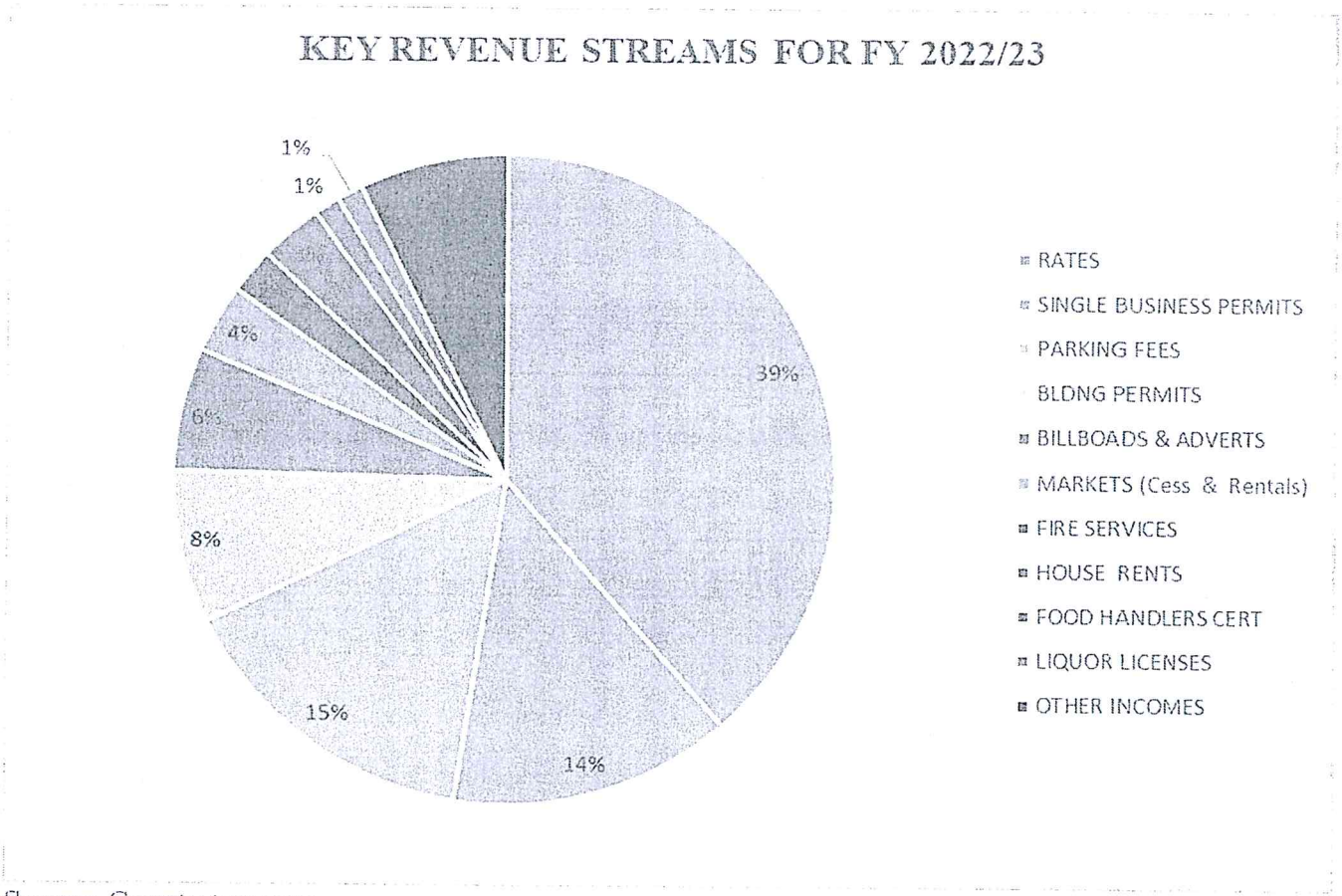
129. External revenue has been a major component of the county revenue, and will constitute 52.7% of the projected 2022/23 budget. The external sources are projected to be Ksh. 19.2 Billion from equitable share.

Own Source Revenue

130. The internal revenue projection for FY 2022/23 is 17.5B representing a decrease of 10.7% from 19.6 B approved in FY 2021/22. The key contributor for internal revenue will be rates,

parking fees, single business permits, building permits and billboards& Adverts respectively as shown in the figure 4.5

Fig: 4.5: Key Revenue Streams



Source: County treasury

4.8 Expenditure Review and 2022/2023 Projection

131. Total expenditures by commitments in financial year 2020/2021 amounted to Ksh. 30.14 billion against a target of Ksh. 37.88 billion which was 80 percent absorption rate. The under absorption was recorded in both recurrent (83%) and development expenditures (66%). Out of the total expenditure, the development was Ksh 5.63 billion and the recurrent was Ksh 24.51

billion. Recurrent expenditure accounted for the larger share of the total expenditure as a result of the settlement of pending bills.

TABLE 4.3: 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
Liqour 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
Liqour 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

Expenditure by Sectors

132. Total expenditures by sectors amounted to Ksh.30.13 billion 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 4.4).**

TABLE 4.4: 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

SECTOR	Revised			Actual			Absorption		
	Recurrent	Capital	Total	Recurrent	Capital	Total	Recurrent	Capital	Total
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, OUT H 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; ENVIRONMENT, 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

133. Budget absorption has a direct correlation to proper planning, efficient procurement, and timely financing. A hurdle at any one stage of the three will affect negatively the budget absorption. Over the years, budget absorption has been generally low, with absorption of development expenditure being the major culprit.

Expenditures by end of first quarter 2021/22

134. The 2021/22 approved budget was Ksh. 39.6B of which 27 billion was allocated to recurrent expenditure and Ksh. 12.6 billion was allocated to development expenditure. By the end of the first quarter only 2.6B of the recurrent budget was spent and zero development budget spent as indicated in the table 6.

Table 4.5: FY 2021/22 budget absorption by 1st quarter

Expenditures	Approved	Actuals	Performance (%)
Transfers to county assembly	1,545,872,087	162,175,263	10
County executive	12,813,784,596	1,461,567,529	11
Liquor Board	200,000,000	41,059,894	21
Transfer to NMS	12,106,040,000	923,654,424	8
Total recurrent expenditure	**26,665,696,683**	**2,588,457,110**	**12**
Transfers to county assembly	1,506,000,000	0	0
County executive	3,373,768,736	0	0
Liquor Board	50,000,000	0	0
Transfer to NMS	8,032,070,580	0	0
Total development expenditure	**12,961,839,316**	**0**	**0**
Total expenditure	**39,627,535,999**	**2,588,457,110**	**7**

Source: County treasury

135. To improve budget absorption and fiscal discipline in 2022/23, the county treasury will issue guidelines on commitments and expenditure control. This will harmonize quarterly cash

flow projections with sector expenditure expectations. Financial commitments towards the end of the financial year will be highly discouraged.

Expenditure projections

Recurrent expenditure

136. The key recurrent expenditure items include: Personnel Emoluments; Operation and Maintenance; repayment of utility fees, insurance, bursary, VERs and car loan & mortgage. Personnel costs constitutes the largest portion of recurrent expenditure. In this regard, the FY 2022/23 budget allocation will be as follows: PE (Ksh. 18.1B), O&M (Kshs. 4.8B), legal fees (Ksh. 100M), insurance (ksh.990M), VERs(ksh.50M), Bursary(740M) electricity(ksh.300M), KRA(Ksh.340M), Car loan & mortgage(kshs.900M) Fuel (Ksh. 140M), GDV operations (ksh.100M) and Liquor board (ksh.200M).

The total recurrent cost for the FY 2022/23 is projected at Kshs. 25.28Billion while as development cost is projected to be Ksh. 10.9B.

Development Expenditure

137. The fiscal responsibility principles stipulated by section 107 (2) of the PFMA 2012 requires counties to allocate not less than 30% of their budgets towards development, over the medium term. Achievement of this for the county has been subtle, given the high recurrent cost that depletes the insufficient revenues raised each year. This usually worsens during the supplementary budget process where reallocation is done towards recurrent.

138. Development Expenditure for the FY 2022/2023 is projected to be Ksh. 10.9B, 30% of the entire budget. If this remains, then the fiscal responsibility principle of at least 30% allocation towards development in the medium term will be achieved.

4.9 KEY SECTOR PRIORITIES AND CEILINGS FOR FY 2022/23

FINANCE & ECONOMIC PLANNING

139. The sector's main goal is to ensure prudent management of financial resources, formulation of planning and budgeting policies to facilitate socio-economic development, resource mobilization, management of assets as well as making sure that goods, services and works for all county sectors are procured.

140. To achieve its mandate in FY 2022\2023, the sector will be improving work environment, encourage staff training to improve performance, focus on financial reporting system which will encourage good financial reports for proper planning, ensure compliance with statutory requirement, improve management of assets, automation of procurement process, enhance security at procurement stores as well maintaining credit worth of the county.

141. The sector will also seek to ensure coordinated development planning; enhance tracking of implementation of development policies, strategies and programs and making sure there is maintained management of county statistical data.

The sector will be allocated, a total budget of Ksh. 1.8 Billion for FY 2022/23. The recurrent expenditure will comprise of Ksh. 1.6 B while as development expenditure will be Ksh. 226M.

COMMERCE, TOURISM AND CO-OPERATIVES SECTOR

142. This sector is mandated to provide a sound policy, legal and regulatory framework for supporting local and foreign trade together with investments towards the county's socio-economic growth and development. In the FY 2022/23 the sector will embark on implementing and enforcing the Trade and Industry Bill in order to promote Nairobi County with vibrant, efficient, sustainable and competitive trading environment.

143. The sector will also endeavor to boost MSEs through strengthening entrepreneurial skills and technical capacity, financing and establishment of incubation centres to support MSEs innovations.

144. To improve effectiveness in service delivery for Gaming and Betting, the sector will oversee the implementation of Gaming &Betting Act, 2021. In addition, the sector will deploy gaming inspectors who will administer daily supervision of casinos.

145. Over the medium the sector will focus on promoting tourism and culture development through acquiring a software for marketing the city; purchase of tourist bus; establishment of tourism information Centre and develop a culture village.

146. For cooperative development, the sector will concentrate on registration of new together with reviving the dormant cooperatives.

For market development, the sector priority will be construction of modern kiosks and open sheds as well as rehabilitation of various markets; construction of an eatery block with stalls at city park market; provision of garbage skips in market and installation of CCTV in city market and city park market.

147. The liquor Board intends to conduct awareness campaigns/publicity/sensitization in order to reduce the Alcohol and Drug Abuse [ADA] and for alcoholic addicts. To improve the Liquor Board service delivery at Sub County level, eight containerized offices will be constructed these being the remaining Sub-Counties without offices after construction of nine of them. The Sub-County Committees will carry out inspection of liquor premises. Liquor Board will organize retreats to facilitate the discussion on monitoring and evaluation on implementation of the liquor planning documents, it's overall performance and the way forward. In addition, trainings for Liquor Board staff will be conducted.

148. For the FY 2022/23, the sector will be allocated a total budget of Kshs.449M (50.3%) towards recurrent expenditure, and Kshs. 444 M (49.7%) for development.

Allocation for liquor board will be ksh.200m for recurrent expenditure and Ksh. 50m for development expenditure.

COUNTY PUBLIC SERVICE BOARD

149. The County Public Service Board will seek to establish skilled and adequate workforce in the county public service. The key priorities will be improving access to quality county services through Integrated Human Resources Information system, developing an effective succession planning for the county in the long run, refurbishment and renovation of Board offices in order to accommodate both members and the secretariat at optimal level.

150. For the FY 2022/23, the sector will be allocated Kshs. 133.8 M for the implementation of sector priorities.

FOOD, AGRICULTURE & FORESTRY

151. The sector's main aim is to ensure a food secure county through promotion and regulation of sustainable urban agriculture and forestry for food and nutrition security. The sector is also mandated to promote urban and peri- urban agriculture in the city for food and nutrition security, food safety, income generation, employment creation, poverty eradication, agribusiness, public health and welfare and ensure sustainable agricultural land use.

152. To achieve the mandate, the sector will provide extension services to farmers in order to equip them with skills and knowledge on urban farming; establishment of multistorey gardens; installation of green houses, water harvesting tanks and drip irrigation kits in schools.

153. To promote food safety, the sector will sensitize the public on food safety and conduct field surveillance on aflatoxin. Over the medium term the sector will also focus on promoting livestock & fisheries production towards increased food nutrition. It will deliberate to reduced incidences of animal diseases and pests through vaccination of animals and improving animal welfare.

154. With regard to this, the sector will be allocated a total budget of Ksh.392.7 M to achieve its 2022/23 targets. Allocation towards recurrent expenditure will be Ksh.295 M (75.3% of the total sector budget) and that allocation towards development will be Ksh.97 M (24.7%).

EDUCATION, SPORTS, YOUTH, GENDER AND SOCIAL SERVICES

155. This sector is mandated to provide quality Early Childhood Education, Vocational training and social services as well as promote social development, leisure and sporting activities to youths while mainstreaming disability and gender in all county projects and programs.

156. Under youth empowerment, the sector purpose to promote and provide socio-economic opportunities for youth empowerment by establishing data base of Youth groups and Youth serving organizations in Nairobi County, encouraging capacity building for Youths, rebranding of One-stop Youth Centre fully equipped with internet connections and formulation of County Youth legislation.

157. Regarding gender and disability mainstreaming, the sector aims to promote gender and disability mainstreaming by implementation of NCCPWD Act of 2015 and implementation of gender policies. The sector also targets to promote recreational activities through identification, nurturing & development of talents.

158. The sector will also emphasis on the promotion and development of sports in the county by completing the construction of Dandora stadium, procure sports equipment for distribution to community teams, organize community teams to participate in either tournament or local FKF league. More so the sector will engage partner e.g NOCK who signed an MOU with the county to build a multipurpose stadium at Muhuri Muchiri grounds. In addition, the sector will also improve status of existing sport facilities at Mwiki, Makadara, Jericho and Kawangware.

159. The sector will embark on provision of library services to manage knowledge and promote a reading culture. This will be achieved through online library services for everyone to access.

It will be a priority also to provide and promote quality ECDE in public schools and promote teacher training. The sector aims at constructing 10 new ECDE centres, constructing new classrooms, provide milk to all pupils enrolled in public ECDE centres among others. It also aims at allocating funds to rehabilitate TTCs.

160. The sector also seeks to promote and manage community groups programs and to look into and safeguard the welfare and rights of children through Rehabilitation, reintegration and reunification of street and other vulnerable children to the society.

Finally, the sector will continue the bursary program to the needy students in all wards.

161. To enhance the implementation of the sector priorities for FY 2022/23, the sector will be allocated a total budget of Kshs. 2.37 Billion. Allocation towards recurrent expenditure will be Ksh.1.858 Billion (78.4% of total sector budget), and allocation towards development expenditure will be Ksh. 512.3M (21.6% of total sector budget).

GOVERNOR'S OFFICE

162. This comprises of five sub sectors namely administration, legal services, audit and risk management, disaster management and security & compliance.

163. The security and inspectorate sub-sector will commit to enforce compliance with county laws and order, traffic control, crime investigations and manning of institution and installations. The sector will also target to procure protective gears and communication gadgets and improving skills and capacity of its staff through continued training. In addition, the sector plans to recruit inspectorate officers to enhance effective service delivery.

164. The internal audit department will seek to procure and install audit software in order to embrace technology in service delivery. The department will also prioritize the preparation of county risk framework policy and training of auditors.

165. The disaster management and coordination sub-sector is responsible for disaster mitigation, fire rescue and emergency response. To achieve this, the sub sector will carry out fire prevention inspections, do hazard mapping and purchase response ambulances. It will give priority to developing disaster information Centre; drilling boreholes in the stations; construction of perimeter water at stations; purchase of fire engine and devolving relief to ward levels among other projects.

166. Over the medium term, the legal department will commit to enhance statutory and legal compliance. It will also give priority to auditing of all county laws and regulations; digitization of court files; establishment of a depository unit for all legal documents as well as renovation of legal offices.

167. The governor's office will be allocated a total budget of Ksh. 3.44 Billion in 2022/23. Allocation towards recurrent expenditure will be Ksh.2.44 Billion (70.9% of total sector budget) and allocation towards development expenditure will be Ksh.1B (29 % of total sector budget).

DEVOLUTION AND SUB COUNTY ADMINISTRATION

168. For the FY 2022/23 the sector will embark on providing conducive working environment through construction of sub county and ward offices, fabrication of containers for use as temporary offices of wards, coordinate public participation and civic education forums for public engagement, education and awareness.

169. To improve staff performance, the sector will conduct scheduled staff performance appraisal; provide conducive working environment by conducting work environment survey and roll out a programme to sensitize staff on alcohol and substance abuse and on HIV/AIDS. To enhance customer feedback, the sector seeks to develop and roll out an awareness program for staff on complaints handling procedures.

To implement the sector priorities, it will be allocated ksh.1.67B for recurrent budget and ksh.84M for development budget.

PUBLIC SERVICE MANAGEMENT

170. PSM will commit to benefit employees for the county government funded car loan & mortgage. It will also work to see that county is saved money that goes to salaries through implementation of VERS. It will give a priority in enhancing employee satisfaction through provision of conducive work environment, increased productivity, improved staff healthy and safety and skill development. More so, it will embark on promotions, right placement and staff

appointment. The sector will also focus on provision of medical insurance, issuance of new staff cards, purchase of bulk files among other priorities.

171. For the implementation of the sector priorities for FY 2022/23, the sector will be allocated a total budget of Kshs. 1.75 B. Allocation towards recurrent expenditure will be Ksh.1.68 B and allocation towards development will be Ksh.75M.

ICT E-GOVERNMENT AND E-LEARNING SECTOR

172. The sector mandate is to develop modern ICT infrastructure, automation of county services and dissemination of information for effective and efficient service delivery.

173. Through E-government the sector intends to provide county service electronically and promote ease of doing business through LAIFOMS, improve revenue mobilization and integration of all internal processes.

174. It will also give priority to increased internet connectivity to all county offices, ensure IT security within county government systems through smart net licenses and support efficient maintenance of data center resources and EMC support.

E-learning intends to promote capacity building for staff to utilize ICT skill.

175. For the implementation of the sector priorities for FY 2022/23, the sector will be allocated a total budget of Ksh. 686 M. Allocation towards recurrent expenditure will be Ksh.159M and allocation towards development will be Ksh.526M.

WARD DEVELOPMENT FUND (WDF)

176. The WDF will give a priority implementation of WDF Act to ensure 100% timely cash flow for awarded projects. Employment of interns to assist technical officers to ensure 100% supervision for all awarded projects will also be given a priority. It will also focus on the monitoring implementation of ward projects. The total allocation for this Programme for the FY 2022/23will be Ksh.1.54 Billion.

COUNTY ASSEMBLY

177. In FY 2022/23, the CA priorities will be to improve CA infrastructure through refurbishment and equipping of NCCA administration offices; construction of official residence for the Hon. Speaker; Construction of Nairobi City County Assembly Ward offices and rehabilitation of Nairobi City County Assembly parking.

178. For FY 2022/23, County Assembly will be allocated a total budget of Kshs.2.76 Billion. Ksh. 1.853B will be allocated to recurrent expenditure and Ksh. 911M will be allocated to development expenditure.

4.10 PRIORITIES FOR TRANSFERRED FUNCTIONS TO NMS FOR FY2022/23

Transport, Infrastructure & Public Works

179. In FY 2022/23, the sector priority will be to enhance pedestrian safety and connectivity through expansion, rehabilitation and maintenance of road network, construction of storm water drainage, motorable and foot bridges. Construction of public facilities and NMT facilities will also be a priority. Reduction of congestion remains a priority in the medium term through upgrading of traffic management system.

Health Services

180. During the fiscal year, the sector priorities will be provision of health products and technologies to operationalize the health facilities; rehabilitation and renovation of health facilities especially cold rooms& mortuary, ICUs in Mbagathi and Pumwani School of Nursing. It will also focus on installing Electronic Medical System (EMR). This will be to facilitate automation, digitization and computerization of health facility processes. Finally, the sector will seek to provide stipends to 7,320 No. Community health volunteers.

Urban planning, lands, Housing and urban renewal

181. For the FY 2022/23, the sector will seek to: Provide decent, affordable and adequate housing to Nairobi residents by implementation of urban renewal programs, renovation of county rental housing units and preparation of county asset titles.

182. To ensure spatial order in the county, urban planning department will ensure efficient development of approval process as well as promotion of orderly urban development and regularising development. Issuance of occupation certificate, surveillance and audit of buildings for safety will be continuously undertaken.

183. For proper land management, the land sub sector will continuously survey county properties, allotted properties and properties in site and service scheme. The sector will also continue with the registration and issuance of leases and ensure entrenchment of new valuation roll.

Environment, Energy, Water & Sanitation Services

184. This sector's priorities in FY 2022/23 will be improvement of solid waste management, ensure compliance to environment laws and regulations and improvement of aesthetic value of the city. The sector will also embark on efficient waste collection and transportation, waste recycling, and educate the public on waste management.

185. The water subsector in FY 2022/23 will focus on ensuring that all citizen have a clean and adequate water and sanitation services through drilling of boreholes and extension of water system; and improve sanitation by expanding sewer lines and public toilets especially in informal areas.

186. The total allocation for NMS will be ksh.19B. The recurrent expenditure will take Ksh. 13.6 B while the development expenditure will be Ksh. 5.4B.

CHAPTER FIVE: FISCAL RESPONSIBILITY AND FISCAL RISK

5.1 Fiscal Responsibility Principles

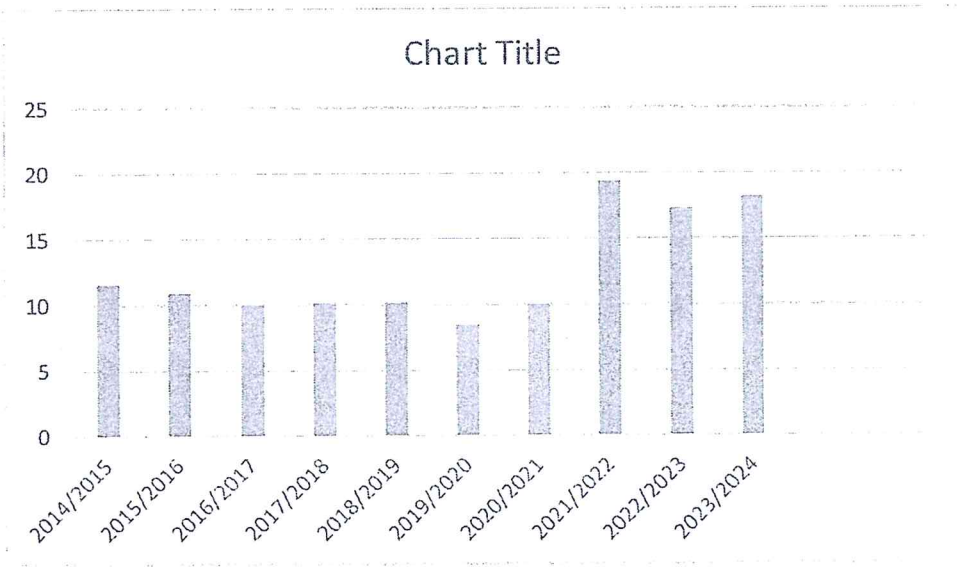
187. In line with the Constitution, the Public Finance Management Act, 2012 sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. Section 107 (2) states that in managing the county's public finances the county treasury shall enforce the following fiscal responsibility principles:

188. That the recurrent expenditure shall not exceed the County government's total revenue. However, the county own source has been having declining trend. However, the figures depicted in 2021/2022 to 2023/2024 are projections. Below shows the summary of own source revenue as from 2014/2015 up to 2023/2024.

189. in 2021/2022 to 2023/2024 are projections. Below shows the summary of own source revenue as from 2014/2015 up to 2023/2024.

FINANCIAL YEAR	B(SHS)
2014/2015	11.58
2015/2016	10.9
2016/2017	10.05
2017/2018	10.17
2018/2019	10.16
2019/2020	8.5
2020/2021	10.04
2021/2022	19.36
2022/2023	17.27
2023/2024	18.185

GRAPHICAL PRESENTATION OF THE ABOVE

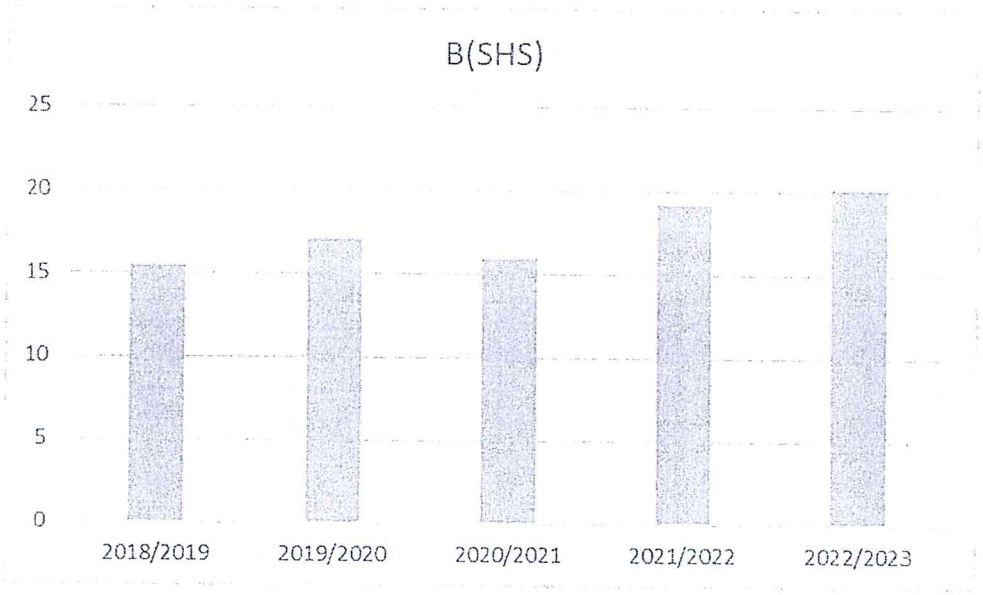


The x-axis represent the fiscal years while the y-axis represent shs in billions

190. Resources from equitable shares have been having a rising trend 2018/2019 fiscal year up to 2019/2020 after which the projected external revenue dips to 2020/2021.Then it rises to 19.25 in 2021/2022 and is projected to further rise in 2022/2023. The table and the graph below shows the figures in b(shs) versus the fiscal years.

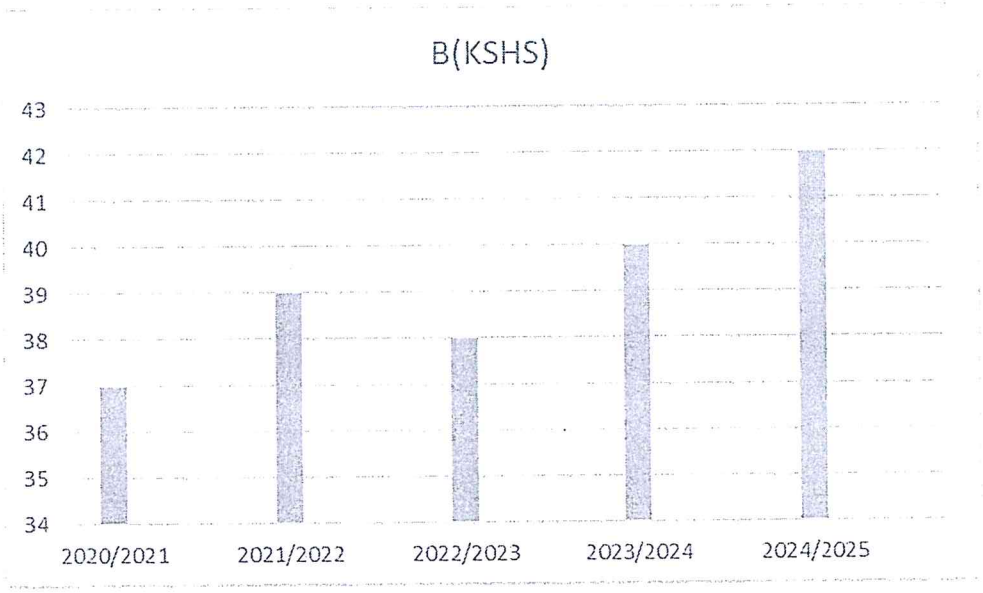
FINANCIAL YEAR	B(SHS)
2018/2019	15.5
2019/2020	17.085
2020/2021	15.9
2021/2022	19.25
2022/2023	20.2

Graphical representation of the above equitable shares



Total revenue (budget proposal) per year in the county-recurrent and development

FINANCIAL YEAR	B(KSHS)
2020/2021	37
2021/2022	39
2022/2023	38
2023/2024	40
2024/2025	42



191. In this regard, the county government shall put in place austerity measures to ensure that recurrent expenditure shall not exceed the total revenue. The county of Nairobi has conformed to this particular principle in the sense that in the fiscal period 2021/2022 total revenue projected will be 39 billion while recurrent expenditure will be 26.65 billion. For FY 2022/2023 total revenue projected will be 38 billion against 26.14 billion Shs, recurrent expenditure. In financial year 2023/2024 total revenue will be 40 billion against a recurrent of 27.5 billion on the same year. In order to sustain this trend the county will enhance revenue collection, motivate employees, reduce the foreign and local travels, reduce non-essential recurrent expenditures among other cost cutting measures in general operations.

192. 1.4 That a minimum of thirty percent of the county governments' budget shall be allocated to the development expenditure. The county government will ensure adherence to development to recurrent expenditure ratio of at least 30:70, over the medium term as set out in the PFM Act, 2012. In the year 2021/2022 the total budget is 39.62 billion of which 26.665 billion Shs is allocated to recurrent and 12.96 billion Shs to development. The bar graph below shows the projected development/recurrent as from 2021/2022 to 2024/2025.

gross dev. expenditure versus gross recurrent expenditure				
	2021/2022	**2022/2023**	**2023/2024**	**2024/2025**
g.reccurent	26.665	26.137	27.5	28.8
g.development	12.961	12.705	12.8	13.14
g.total	39.62	38.842	40.3	42.2

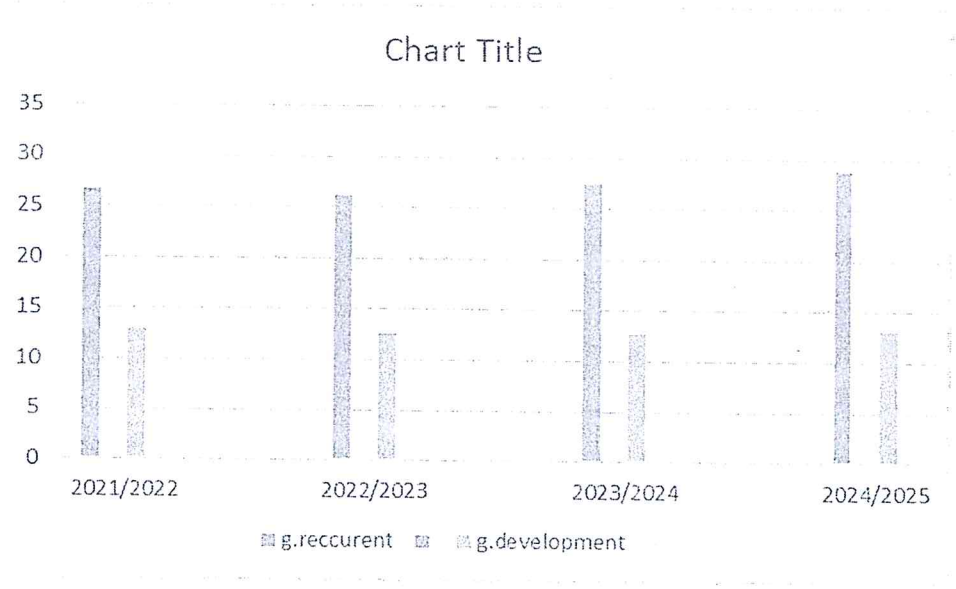
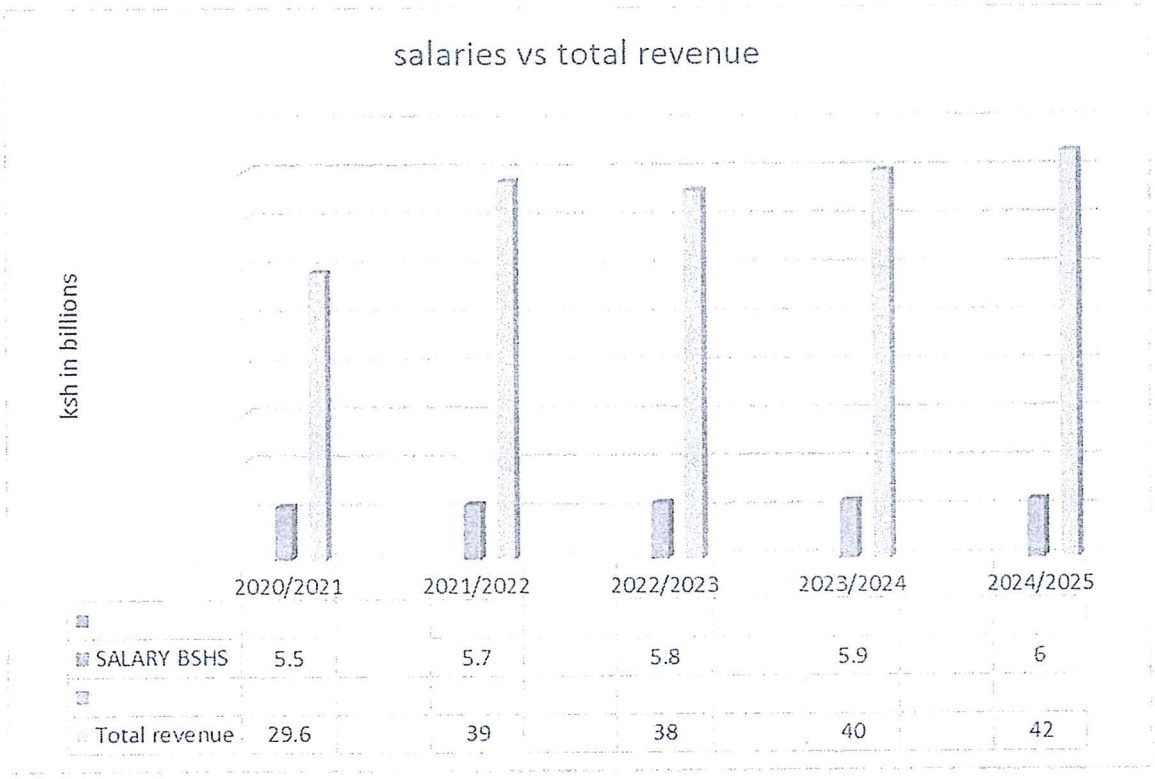


Fig: 5.2: Salaries and wages presented in bar graph

193 For the Nairobi city county, salary and wages in 2020/2021 is 5.7 billion in 2021/2022, 5.8 billion 2022/2023 5.9 billion 2023/2024 5.9 billion and 6 billion in 2024/2025. This is with an exemption of NMS.



194 Actually the county should strictly maintain the 35% ceiling of the expenditure on salaries/wages and the following strategies should be implemented to curb any bloated wage bill:

195 Payroll cleansing. The payroll master will ensure that all the employees who are deceased and dismissed are struck out of the payroll to avoid unnecessary expenses;

196 Adoption of technology. The county will 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.

197 Outsourcing cheap labor instead of employing or undertaking capacity building. It is far much cheaper for the Nairobi County to outsource certain technical skills rather than employing. Recruiting new employees would cost the county a lot of money rather than

outsourcing. The existing employees should be trained from time to time to equip them with skills. Preparing a sendoff package to motivate early retirement of less productive staff should be encouraged to reduce wage bill.

5.2 FISCAL RISKS

198 Fiscal outturns often differ substantially from budget or other fiscal projections, owing to shocks such as deviations of economic growth from expectations, terms of trade shocks, natural disasters, calls on government guarantees, or unexpected legal claims on the state. In many instances, failure to disclose and prepare for such risks has caused additional Nairobi county government obligations, larger public debts and occasionally refinancing difficulties and crisis.

199 Moreover, unexpected spending pressures or revenue losses often require disruptive adhoc adjustments during the fiscal year. Indeed, even in counties where debts and deficits have been reduced, policymakers 'attention is turning toward risks—especially from contingent liabilities and off-balance-sheet items—that may not be fully apparent in "headline" fiscal indicators. To address the challenges posed by fiscal risks, several counties have recently increased their disclosure of such risks, so as to foster fiscal sustainability and to reduce borrowing costs and the likelihood of crises.

200 The government's approach to managing fiscal risks follows a five-stage process. This is to:

(i) identify the source, scale and likelihood of the risk; (ii) disclose the risk to raise awareness and ensure accountability; (iii) mitigate the risk where cost-effective and consistent with broader policy objectives; (iv) provision for risks that cannot be mitigated but whose size and timing are relatively certain; and (v) accommodate residual risks when setting the overall fiscal policy stance.

Risks experienced in Nairobi County government

1. Low absorption capacity

201. Absorption capacity for development budget across sectors remained largely low over the period 2013-2020. This is largely attributed to poor conceptualization of programs, inadequate capacity for technical designs, delay of disbursement of equitable share by the national government, long and complex procurement process, declining own source revenue and inefficient costing of projects.

202. Mitigation measure: The County departments will uphold principles of proper project conceptualization in good time to avoid speculative projects not budgeted for. In this regard, only projects that have gone through the preliminary processes will be accommodated in the budget. Secondly, there is need to upgrade technical capacities for design through further training and outsourcing, in order to improve flow and control of resources required for implementation of development programs. The County treasury will need to decentralize fiscal responsibility and the same delegate to accounting officers at the sector level through issuance of quarterly A.I.Es based on cash flow projections and bureaucracy should be eliminated during the procurement process. The costing regime for development programs requires total overhaul to ensure realistic cost estimates and ultimately render value for money.

2. Shortfall in Own Source Revenue

203. The main fiscal risk that is likely to be faced by the county government is the shortfall in local revenue flows. Revenue generation from internal sources has continued to face challenges that must be progressively mitigated in order to achieve county development goals. For Instance rates revenues have continued to be below expectation due to high default rates among statutory 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. Since the Unified business permit came

into being in the calendar 2017 less revenue has been realized compared to the former single business permit.

204. 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 considered. Implementation of the new valuation roll, which is in its final stage, will be a huge boost to local revenue, as it aligns the rates to current market values. For the unified business permit it is advisable to separate each revenue charge to lessen the burden on the clients to reduce default. Identified legal gaps will be addressed through proposed legislation particularly for the key revenue streams. The finance bill 2020/21 will be used as an avenue to instill changes to some of the former charges. Finally, the County will publicize and streamline the use of electronic payment system to ensure effectiveness in revenue collection. Also spending money at source should be discouraged.

3. Fiduciary Risk

205. Risks such as fiduciary risk, development risk and reputation risks are also risks in Nairobi City 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.

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

4. Pending debts/bills

207. 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.

208. Mitigation measure: Establishment of digitized debt servicing management systems to improve accountability and prevent fraudulent loan amounts; Creation of new channels of revenues to ease on the loan amounts required to finance development projects; Utilizing cheap loan opportunities available in the money markets or capital markets; Raising money by offering its shares to the public as a financing option.

5. Wage bill

209. Salaries and wages has been surpassing the stipulated 35% of the total budget this has led to budget cuts on development programs.

6. Adoption of technology.

210 The county will 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.

APPENDIX 1: SECTOR CEILINGS

SECTOR	2022/2023			% Allocation to total expenditure		
	Recurrent	Capital	Total	Recurrent	Capital	Total
5311000000 COUNTY PUBLIC SERVICE BOARD	88,842,835	45,000,000	133,842,835	0.34	0.41	0.36
0718015310 Sp1 General Administration & Support Services	544,868,580	773,000,000	1,317,868,580	2.11	7.05	3.58
0718075310 Sp7 County Executive	183,754,222	-	183,754,222	0.71	-	0.50
0718025310 Sp2 Sub County Administration	1,671,690,811	84,410,204	1,756,101,015	6.47	0.77	4.77
0724055310 Inspectorate	976,733,656	62,500,000	1,039,233,656	3.78	0.57	2.83
0724015310 sp 24.1 investigative Services	40,210,901	-	40,210,901	0.16	-	0.11
072601510: Fire & Disaster Management	348,872,977	109,000,000	457,872,977	1.35	0.99	1.24
0725015310 sp 25.1 legal services	263,421,825	43,200,000	306,621,825	1.02	0.39	0.83
0718095310 Sp9 Audit	77,369,601	17,000,000	94,369,601	0.30	0.16	0.26
5313000000 ICT, E-GOVT & PUBLIC COMMUNICATIONS	159,103,428	526,985,614	686,089,042	0.62	4.81	1.87
5314000000 FINANCE & ECONOMIC PLANNING	1,575,843,348	226,000,000	1,801,843,348	6.10	2.06	4.90
5318000000 EDUCATION, YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES	1,858,004,787	512,300,000	2,370,304,787	7.20	4.68	6.44
5319000000 TRADE, COMMERCE, TOURISM & COOPERATIVES	449,297,047	444,357,720	893,654,767	1.74	4.06	2.43
5320000000 PUBLIC SERVICE MANAGEMENT	1,677,598,699	75,000,000	1,752,598,699	6.50	0.68	4.77
5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	295,652,678	97,000,000	392,652,678	1.15	0.89	1.07
5325000000 WARD DEVELOPMENT FUND	44,515,416	1,492,500,000	1,537,015,416	0.17	13.62	4.18
COUNTY ASSEMBLY	1,852,800,000	911,000,000	2,763,800,000	7.18	8.31	7.51
5327000000 LIQOUR LICENSING BOARD	200,000,000	50,000,000	250,000,000	0.77	0.46	0.68
5328000000 NAIROBI METROPOLITAN SERVICES	13,600,000,000	5,400,000,000	19,000,000,000	52.67	49.28	51.66
Voted Expenditure .. KShs.	**. 25,908,580,809**	**10,869,253,538**	**36,777,834,347**	**. 100.35**	**99.19**	**100.00**

APPENDIX 2: REVENUE PROJECTION							
ITEM	2020/21					Projections	
	Approved Budget	Supp II	Actuals	APPROVED FY 2021/22	CFSP 2022/23	2023/24	2024/25
EXTERNAL SOURCES							
Equitable Share	15,951,600,000	15,919,950,000	15,919,950,000	19,250,000,000	19,249,677,414	19,249,677,414	19,249,677,414
Equitable Share Fy 2019/2020-Unremitted	3,500,697,260	3,500,697,260	3,500,697,260				
Grant MOH-Frontline workers		100,200,000	100,200,000				
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			
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			
Agriculture Development Support Project	15,955,893	15,955,893	13,517,925	36,639,733			
UNFPA				7,386,704			
SUB-TOTAL	**20,641,785,660**	**20,710,335,660**	**19,674,798,330**	**19,416,791,329**	**19,249,677,414**	**19,249,677,414**	**19,249,677,414**
OWN SOURCE REVENUE (OSR)							
RATES	5,057,511,170	5,057,511,170	2,766,193,658	7,458,283,311	5,125,000,000	5,250,000,000	5,400,000,000
PARKING FEES	2,800,000,000	2,800,000,000	1,519,476,673	3,025,000,000	3,025,000,000	3,314,000,000	3,635,000,000
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	3,200,000,000
BLDNG PERMITS (1.25 of construction cost)	1,500,000,000	1,500,000,000	713,133,746	1,500,000,000	1,750,000,000	1,500,000,000	1,500,000,000
BILLBOADS & ADVERTS	1,200,000,000	1,200,000,000	736,338,078	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
HOUSING RENTS-EASTLANDS & EOTE	606,000,000	606,000,000	584,253,177	606,000,000	600,000,000	600,000,000	600,000,000
FIRE INSPECTION CERT	450,000,000	450,000,000	211,133,219	450,000,000	450,000,000	480,000,000	500,000,000
FOOD HANDLERS CERT	210,000,000	210,000,000	91,148,523	250,000,000	250,000,000	300,000,000	360,000,000
REGUL. OF BLDNG /CHANGE /AMALG/SUB	150,000,000	150,000,000	123,262,135	150,000,000	150,000,000	150,000,000	150,000,000
WAKULIMA MARKET	216,000,000	216,000,000	159,956,034	240,000,000	240,000,000	252,000,000	260,000,000
OTHER MARKETS	144,972,000	144,972,000	166,717,976	298,770,000	298,770,000	321,330,000	341,560,000
OTHER INCOMES	1,312,926,000	1,312,926,000	940,162,134	1,432,691,360	1,439,064,347	1,824,646,002	1,936,826,253
LIQOUR FEES	250,000,000	250,000,000	279,429,434	250,000,000	250,000,000	250,000,000	250,000,000
TOTAL (OSR)	**16,459,511,170**	**16,459,511,170**	**9,940,944,747**	**19,610,744,671**	**17,527,834,347**	**18,441,976,002**	**19,333,386,253**
TOTAL REVENUE	**37,101,296,830**	**37,169,846,830**	**29,615,743,077**	**39,027,536,000**	**36,777,511,761**	**37,691,653,416**	**38,583,063,667**