

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

**SECOND ASSEMBLY
(SIXTH SESSION)**

NCCA/TJ/PL/2022(13)

26th May 2022

PAPER LAID

Pursuant to Standing Order 221(4), I beg to lay the following Paper on the Table of the Assembly, today 26th May, 2022:

- **THE 38TH REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON THE NAIROBI CITY COUNTY FISCAL STRATEGY PAPER AND THE DEBT MANAGEMENT STRATEGY PAPER FOR THE FY 2022/2023 AND OVER THE MEDIUM TERM.**

(Chairperson, Select Committee on County Finance, Budget and Appropriations)

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

*Paper laid by the
Robert Mbatia on
Thursday 26th May 2022
@ 2:30pm
[Signature]*

GOVERNMENT OF NAIROBI CITY COUNTY



Notice given by
Hon. Kabira Mbugha
on 26/5/22 at
2:30pm
[Signature]

THE NAIROBI CITY COUNTY ASSEMBLY

SECOND ASSEMBLY
(SIXTH SESSION)

26th May 2022

NOTICE OF MOTION

Subject: Adoption of a report of a Select Committee

Hon. Speaker, I beg to give notice of the following motion:-

THAT, this Assembly adopts **THE 38TH REPORT OF SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON THE NAIROBI CITY COUNTY FISCAL STRATEGY PAPER AND THE DEBT MANAGEMENT STRATEGY PAPER FOR THE FY 2022/2023 AND OVER THE MEDIUM TERM**, laid on the Table of the Assembly on Thursday, 26th May, 2022.

(Chairperson, Select Committee on County Finance, Budget and Appropriations)

COUNTY GOVERNMENT OF NAIROBI CITY



NAIROBI CITY COUNTY ASSEMBLY

SECOND ASSEMBLY – SIXTH SESSION

**38TH REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE,
BUDGET AND APPROPRIATIONS**

ON

**THE NAIROBI CITY COUNTY FISCAL STRATEGY PAPER AND THE DEBT
MANAGEMENT STRATEGY PAPER FOR THE FY 2022-23 AND OVER THE
MEDIUM TERM**

MAY 2022

I.PREAMBLE

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

Mr. Speaker Sir, in line with the provisions of Section 117 of the Public Finance Management (PFM) Act 2012 and Standing Order 221 and considering the constrained timelines for consideration of the budget process documents in the current financial year, the County Fiscal Strategy Paper for the FY 2022-23 was laid in the County Assembly on Thursday the 17th day of February 2022. Having been laid, and in line with the provisions of Standing Order 221, the paper stood committed to the Sectoral Committees and the Finance, Budget and Appropriations Committee to consider and report in line with their respective mandates.

Mr. Speaker Sir, it is worth noting that the provisions of Standing Order 221 (6) decree that the County Assembly approval of the motion on the report of the CFSP presented by the Budget Committee constitutes the County Assembly resolution setting forth the total overall projected revenues, the ceilings recommended for the County Government and County Assembly and where necessary, the total sums for each Vote and the allocations to individual programs for the fiscal year 2022-23.

Mr. Speaker Sir, the Members of the County Assembly Finance, Budget & Appropriations Committee who examined and made recommendations on the CFSP and the DMSP 2022 were as follows: -

- | | |
|-----------------------------|--------------------|
| 1. Hon. Robert Mbatia, MCA | Chairperson |
| 2. Hon. Patrick Karani, MCA | Vice - Chairperson |
| 3. Hon. Michael Ogada, MCA | |
| 4. Hon. Osman Adow, MCA | |

5. Hon. Daniel Ngengi, MCA
6. Hon. Anthony Ngaruiya, MCA
7. Hon. Kariuki Wanjiru, MCA
8. Hon. J.M Komu, MCA
9. Hon. Paul Ndungu, MCA
10. Hon. James Kariuki, MCA
11. Hon. Susan Mukungu, MCA
12. Hon. Catherine Okoth, MCA
13. Hon. Emily Oduor, MCA
14. Hon. David Okello, MCA
15. Hon. Nancy Muthami, MCA
16. Hon. David Mberia, MCA
17. Hon. Nimo Hajji, MCA
18. Hon. Kennedy Oyugi, MCA
19. Hon. Fredrick Okeyo, MCA
20. Hon. Herman Azangu, MCA
21. Hon. Emapet Kemunto, MCA
22. Hon. Cecilia Ayot, MCA
23. Hon. Jacinta Wanjiru, MCA
24. Hon. Elizabeth Nyambura, MCA

Mr. Speaker Sir, the Sectoral Committee on Finance, Budget and Appropriations Committee is one of the Committees of the Nairobi City County Assembly established under Standing Order 199 mandated to among others; -

- a) investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget;
- b) discuss and review the estimates and make recommendations to the County Assembly;
- c) examine the County Fiscal Strategy Paper presented to the County Assembly;
- d) examine Bills related to the county budget, including Appropriations Bills; and
- e) evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlay.

Examination of the County Fiscal Strategy Paper and the Debt Management Strategy Paper for the FY 2022-23

Mr. Speaker Sir, the provisions of Section 125 of the PFM Act 2012 require the budget process for county governments to commence with preparation of integrated development plans which shall include both long term and medium term planning and the same shall be achieved through annual planning and establishing financial and economic priorities for the county over the medium term as well as making an overall estimation of the county government's revenues and expenditure before adoption of County Fiscal Strategy Paper that pave way for preparing budget estimates for the county government.

Mr. Speaker Sir, this year as was the case for the previous financial years the Finance, Budget and Appropriations Committee scrutinized the DMSP and the CFSP together as to confirm that the strategies put forth in management of debt are correctly aligned to the fiscal direction being pursued by the County Government.

Mr. Speaker Sir, in the scrutiny of the County Fiscal Strategy Paper and the Debt Management Strategy Paper for FY 2022-23, a total of six (6) sittings. The Committee received submissions from the County Executive Committee Member responsible for Finance, from the Secretary to the County Assembly Service Board, considered reports submitted by the Chairs of Sectoral Committees as well as considered written submissions from Members of the public. The submissions from the respective stakeholders have been integrated as part of this report.

Acknowledgment

Mr. Speaker Sir, in coming up with this report, I wish to sincerely thank following:

- a) Members of the County Assembly who through their respective Sectoral Committee went the extra mile to ensure that this important task is completed;
- b) The Members of the Finance, Budget and Appropriations Committee who reviewed the strategies, scrutinized through the Sectors' priorities and made determination on the budget ceilings for both the County Government and the County Assembly;

- c) Offices of the Speaker and the Clerk of the County Assembly for the support and services extended to the Committee while considering the CFSP and the Debt Management Strategy Paper for 2022-2023;
- d) The County Executive led by the County Executive Committee Member for Finance for taking time to present to the Committee their rationale for the proposals;
- e) The County Assembly Budget Office which analyzed and summarized the two papers for both the Sectoral Committees and the Budget Committee; and
- f) The Clerks of Sectoral Committee who offered support to Sectoral Committees during the consideration of this report.

Mr. Speaker Sir, on behalf of the Committee, I now have the honor and pleasure to table this Report on the examination of the County Fiscal Strategy Paper and Debt Management Strategy Paper for FY 2022-23 and recommend it to the Assembly for adoption.

Signed.....



Date.....

26th May 2022

Hon. Robert Mbatia, MCA

Chairman: Finance, Budget and Appropriations Committee

II.SCRUTINY OF THE DEBT MANAGEMENT STRATEGY PAPER FOR THE FY 2022-23

1. **Mr. Speaker Sir**, the recent hue and cry across the Kenyan political spectrum has been brought about by the growing concern that the Kenya's debt figures are quickly jumping out of the safety net with economists raising alarm that unless a strong barrier is erected the multiplier effects of a high debt portfolio are likely to strangle the fragile Kenyan economy. Arising from this national debate, the financial watchdogs in the country have been assertive that counties must not pick up some of the bad manners related to debt management nationally and it is for this reason that there has strictness for settlement of pending bills. It cannot be gainsaid that accumulation, utilization and controlling of any proceeds of debt has a direct relationship with the proper execution of the other key tenets of the budget cycle. The County Assembly therefore has a moral and a legal duty to remind institutions and demand of them that they have a legal duty to ensure that debts should be paid as and when they fall due.
2. **Mr. Speaker Sir**, in this regard the CFSP indicates that the County debt as at 30th September 2021 equaled Kshs. 79.1billion implying that the level of debt has increased by Kshs. 2.2billion from 31st December 2020. Review of the CFSP and the DMSP pointed to the fact that the two documents are reporting different figures for outstanding debt as at 30th June 2021 with amounts owed to suppliers and contractors reported at Kshs. 3.7billion in the CFSP while it is indicated at Kshs. 2.7billion in the DMSP. Whereas the Committee shall be proposing that the contradictions in the two documents be reconciled, the figures continue to cast doubt on the measures that have been put forth by the County to settle debts and pending bills. With regard to pending bills, BPS 2022 indicates that the OAG audited bills worth Kshs. 23billion out of which bills worth Kshs. 11.8billion were found to eligible while Kshs. 11.4billion worth of pending bills were found to be ineligible. Over the last one year the County is reported to have settled pending bills worth Kshs. 5.8billion leaving a balance of Kshs. 6billion worth outstanding eligible pending bills. The DMSP 2022 indicates that the between June 2020 and June 2021, the County settled debt figures increased by Kshs. 5.2billion.

3. **Mr. Speaker Sir**, in the previous CFSP there was undertaking to allocate Kshs. 5billion annually for debt repayment, a figure that has largely remained beyond reach for the County Government shrinking resource envelope. The extent of settlement of pending bills has not been provided in the submitted CFSP with disaggregated information also lacking. However, the DMSP indicates that over the last one full financial year, KRA arrears reduced by Kshs. 400million, amounts owed to contractors reduced by Kshs. 2.7billion and amounts due to retirees reduced by Kshs. 35million leading to a reduction of Kshs. 3.1billion. The Committee was therefore at pains to find the joint between these figures and the amounts used for settlement of debts of Kshs. 5.8billion according to the BPS. Further, given that the expenditure figures for the previous financial year indicate that the Finance Sector spent about Kshs. 7billion majority of which should have been channeled towards settlement of pending bills, it was not immediately clear how the reported expenditure figures married with the amounts contained in the BPS

4. **Mr. Speaker Sir**, as at June 2017 the total Account Receivables stood at Kshs. 298.185billion being a rise from the 208.9billion in 2016 and Kshs. 147.3billion in 2015. The DMSP 2022 indicated that the amount owed to the County Government had ballooned to Kshs. 1.2trillion with almost 95% of the amount being Land Rates arrears. The paper once again proposes debt swap as a measure to clear some of the debts, issuance of demand notices but also asserts that majority of the debts are not collectable due to variety of reasons.

5. **Mr. Speaker Sir**, on the KCB loan the DMSP reports that the loan transferred stood at Kshs. 3.3billion had now hit Kshs. 4.4billion as at December 2020. The tabulation also indicates that the value of the loan remained at Kshs. 4.4billion at June 2021 and September 2021 hence not clear whether there were no interests and penalties during the period. The reports indicate that there were no payments towards settlement of the loan during the period. the DMSP 2021 the County had purposed to settle the KCB loan through debt restructuring and review the repayment plan. The DMSP 2021 indicated that the County shall pay at least Kshs. 55million monthly thereby closing the debt books with KCB in eight years that being a departure from the previous repayment plan of Kshs. 141million monthly.

The strategies to settle the KCB debt remain a moving target with the DMSP 2022 now proposing to commence the Kshs. 55million monthly payment but also auction all idle assets and furniture and the proceeds realized used to reduce the loan. Further, the paper proposes to dedicate CESS collections towards clearing the debt. The modalities of how this will be implemented has been stayed to unknown future and the work left on the slippery hands of the County Treasury. The rationale for earmarking CESS collections which is so service oriented may also not be determined.

6. **Mr. Speaker Sir**, in summary the DMSP 2022 has not moved an inch from what the previous DMSPs intended to roll out as a cure to the ballooning outstanding obligations. The Paper still intends to rely on revenue enhancement, expenditure capping, debt/assets swap, debt restructuring and debt write offs as a mechanism of cleaning the County's debt portfolio.

III.SCRUTINY OF THE COUNTY FISCAL STRATEGY PAPER FOR THE FY 2022-23

3.1. INTRODUCTION

7. **Mr. Speaker Sir**, Standing Order 221 of Nairobi City County Assembly requires that the report of the Budget Committee on the County Fiscal Strategy Paper contains a schedule of overall projected revenue and ceilings recommended for the County Government, and County Assembly and where necessary the total sums of each Vote and the allocations for each programme for the fiscal year in question. The midwife responsibility of the County Assembly in allocation and distribution of the diminishing county revenues can therefore not be overemphasized. **Mr. Speaker Sir**, in coming up with the Paper the underpinning law decree that the County Treasury shall seek and take into account the views of the Commission on Revenue Allocation, the National Treasury, and members of the public among other relevant stakeholders. The Committee has been repetitive in its quest to ensure that the County Treasury remains within the armpits of the law in budget preparation.

8. **Mr. Speaker Sir**, Parts III of the PFM Regulations 2015 provide a number of issues to consider during the preparation and approval of the CFSP for any financial year.

In summary, the provisions provide the following among others: -

- i. Expenditure on wages and salaries shall not exceed 35% of total county revenues;*
- ii. The County public debt shall never exceed 20% of county governments total revenue at any one time;*
- iii. The approved expenditures of the CA shall not be more than the lower of 7% of total county revenues or twice personnel emoluments (overridden by recurrent ceilings approved by the Senate in the County Allocation of Revenue Act)*
- iv. County Government expenditure on development shall be not less than 30% of total county budget; and*
- v. The ceiling for the development and personnel spending of the County government budget shall be approved by the County Assembly and shall be binding for the next two budget years.*

9. **Mr. Speaker Sir**, the presented County Fiscal Strategy Paper for the FY 2022-23 is divided into five chapters. Chapter one gives background information on the County Government and most importantly the legal framework underpinning the preparation of the CFSP, the reasoning for the its preparation, the key achievements by the County for the last financial

year and any to other achievements up to half the current financial year 2021-22. The second part details the macroeconomic indicators domestically and globally and their impact on the County's economy. The Chapter further provides key information on County's revenue performances and expenditure by various sectors and on receivables and liabilities. The third Chapter opens the lid on the theme for the CFSP 2021 with unique appreciation of the environment that the CFSP 2022 has been prepared. The Chapter takes notice of the fact that the debris brought about by the corona virus pandemic and its ripple effects are yet to be sorted out but the County must find a safe path to navigate to recovery and improved livelihoods. The chapter documents the strategies that shall be employed to put the County back on the path to progress with targeted development being at the cornerstone of that ideology. Chapter five highlights the budget priorities for the FY 2022-23 and the maximum resources (ceilings) expected to be utilized by each Sector to achieve the strategic priorities. Additionally, Chapter five also offers a brief on the implementation of the fiscal responsibility principles and the fiscal risks that are associated with the presented outlook.

3.2. REVIEW OF COMPLIANCE OF THE COUNTY FICAL STRATEGY PAPER 2022-23 TO THE PREVAILING LEGISLATION

10. Mr. Speaker Sir, fidelity to the law and accountability for actions required of state officers remain true panaceas for growth and development. With regard to the budget process, the County Assembly is mandated to verify that budget documents submitted to the County Assembly have met the statutory threshold set by the governing laws. In this regard, the Committee is constantly called upon to confirm that in the process of coming up with any budget document County Treasury has undertaken thorough engagement with the public to reflect their needs, deeper consultation with each sector on their priorities and approval of the document by the County Executive Committee. The rationale behind all these is to warranty total ownership of the document by both the County Government and the respective stakeholders it should benefit. The Committee notes that whereas the narrative indicates that these primary levels of consultations were undertaken, there is no proof provided to support the same.

11. **Hon. Speaker,** on the timelines for submission of the CFSP to the County Assembly the Committee noted during the consideration of the CFSP that the Paper was submitted within the revised timelines. This being a unique financial year where the budget cycle has been limited by the upcoming general elections, the early approval of the CFSP and all attendant budget documents is meant to provide resources for the next County Government to roll out its programmes and priorities.

12. **Hon. Speaker,** the underlying theme for the CFSP 2022 is “*Targeted Development for Sustained Recovery and Improved Livelihoods*”. The County intends to put more effort on ensuring that it recovers from the ravaging effects of the corona virus pandemic and put the County back on the narrow path towards growth and efficient service delivery. Looked at generally, the CFSP once again casts doubt on the role of the ADP in the budget process- the cost of all the projects in the ADP have not been properly accounted for in the CFSP. The seed for development is the need for planning to inform budgeting. The CFSP contained development priorities both social and capital to the tune of Kshs. 64billion with no proper link on how they have been accommodated in the paper. The Committee has insisted on the County Treasury to ensure that there is linear relationship between the CFSP and the approved ADPs.

13. **Mr. Speaker Sir,** the CFSP has documented the macroeconomic factors that are likely to direct and alter the forecasted revenue and expenditure outlook with GDP, exchange rate and interest rate identified as key parameters of interest. The Paper is rooted on an inflation rate that is within target hence an attraction for foreign and private investments; positive national growth rate that would bolster transfers to County Governments and low interest rate that would make internal deficit financing within reach of most counties. The extent to which the Paper is aligned to the Budget Policy Statement as required by the provisions of Section 117 of the PFM Act, 2012 cannot be determined as the theme of the BPS 2022 is “Accelerating Economic Recovery for Improved Livelihoods”. Whereas the paper asserts that stable GDP growth rate will enhance allocations to Counties the BPS has proposed to maintain the allocations to Counties at Kshs. 370billion largely due to the constrained macroeconomic environment.

3.3. BUDGET CEILINGS FOR THE FY 2022-23

14. **Mr. Speaker Sir**, the CFSP has enumerated the funding structure of the budget for the coming financial year by providing projected figures for the various revenue streams, maximum expenditure numbers for each of the Sectors and prioritization criteria in allocation of resources. The CFSP indicates that there shall be sustained allocations for earmarked funds like Wards Development Fund, Emergency Fund and the rolling out of the bursaries fund. As was in the CFSP 2021, the County Government purposes to continue prioritizing non-discretionary expenditures, put emphasis on completion of ongoing projects, honor her debt obligations, take into views from the public, ensuring smooth end to the deed of transfer of functions while remaining alive to the requirements of the fiscal responsibility principles.

15. **Mr. Speaker Sir**, the overall County budget for the FY 2022-23 is projected to be Kshs. 36.777billion comprising of Kshs. 25.9billion for recurrent and Kshs. 10.8billion for development expenditures. Out of this allocation the County anticipates to spend Kshs. 2.76billion on the County Assembly operations, Kshs. 19billion has been earmarked for those functions that were initially transferred while Kshs. 1.79billion has been set aside for the operations of the WDF and the Liquor Board.

16. **Mr. Speaker Sir**, in the FY 2022-23 the County Assembly has been granted an overall ceiling of Kshs. 2.76billion consisting of Kshs. 1.85billion for recurrent and Kshs. 950million for development programmes. With the proposed ceiling, the County Assembly budget for the FY 2022-23 would increase by about Kshs. 1.1billion compared to the amounts approved in the first supplementary budget for the FY 2021-22. Focusing on recurrent expenditure alone, the budget is proposed to increase by Kshs. 300million compared to the allocations for the current FY. It is noteworthy that the Equitable Share ceilings for the County Governments which informs recurrent ceilings for County Assemblies have been proposed for retention at the figures approved in the budget for the FY 2021-22.

17. **Mr. Speaker Sir**, the CFSP has provided the priority areas for the transferred functions in the FY 2022-23 with the Health Sector looking forward to operationalize health facilities,

rehabilitation of health facilities in Pumwani School of Nursing and ICU in Mbagathi, as well as provide stipends to the 7,320 community health volunteers. Under the Transport Sector, focus shall be on pedestrian safety and connectivity through expansion of road network, drainage, and foot bridges. Further, the Transport Sector shall focus on construction of public facilities, NMT facilities and reducing congestion. The Planning Sector shall prioritize provision of decent, affordable, and adequate housing, promotion of orderly urban development as well as efficient survey of properties. The Environment Sector shall pursue improvement of solid waste management with employment of efficient waste collection, transportation, recycling and civic education to the public on waste management. The transferred functions have been allocated total of budget of Kshs. 19billion consisting of Kshs. 13.6billion for recurrent and Kshs. 5.4billion for development.

18. Mr. Speaker Sir, to revitalize the image of the County Government HR issues and ensure that the County function is supported by the motivated workforce the CPSB has been allocated Kshs. 134million with PSM having an additional resource limit of Kshs. 1.8billion. The Finance and Economic Planning Sector which is mandated to ensure prudent public finance management has been allocated a total budget of Kshs. 1.8billion. The Committee has emphasized the need for the Finance Sector to religiously report on how it has helped the County ensure there is fiscal discipline in management of public resources, adherence to approved budgets, inventory management, ensuring compliance with accounting standards as well as promoting effective use of public resources. The allocation for Nairobi Metropolitan Services has been proposed at Kshs. 19billion meant for the transferred functions. The Education Sector has been granted a total resource ceiling of Kshs. 2.4billion to support efforts towards ECD, teacher recruitment and training, school feeding programmes and issuance of bursaries.

19. Mr. Speaker Sir, the County Treasury has proposed to allocate Kshs.250million as towards the liquor licensing board. On ward development programmes there is proposed allocation of Kshs 1.492billion for development translating to Kshs. 17.55million per ward. The Committee has urged the relevant sectors to clear any pending bottlenecks and ensure full operationalization of the fund as an enabler for revitalization of the wards.

20. Mr. Speaker Sir, in the CFSP 2021, the County purposed to enhance revenue collection through employment of efficient and effective revenue collection system, close collaboration with KRA, reaching segments that have not been captured in the revenue map, carrying out extensive civic education to members of the public on the need to pay amounts due to the County, increased enforcement and compliance and rolling out a GIS based valuation roll. The measures have been codified in the current CFSP to include update of the valuation roll, waivers on interests, follow up on defaulters, follow up compliance for all vehicles in SACCOs and those operating outside CBD, ensuring there is accurate data on businesses, enforcement on advertisers, implementing e-construction and continuous inspections. With these strategies the County anticipates to collect Kshs. 17.5billion from internal sources of revenue.

21. Mr. Speaker Sir, in this regard therefore and taking into account the submissions from various stakeholders, and to ensure that the Sectors ceilings aligned to the requirements of the Deeds of Transfer of Functions, the ceilings are realistic and within the most achievable resource envelope, the Committee would be making recommendations on the same to this House for adoption.

3.4. SUBMISSIONS FROM THE MEMBERS OF THE PUBLIC

22. Mr. Speaker Sir, the provisions of Article 196 (1) (b) of the Constitution and Standing Order 121(3) require that the Assembly shall consider the views of the public in its legislative process. To satisfy these provisions, the County Assembly placed adverts on the newspapers of Wednesday 23rd February, 2022 calling on members of the public to submit their views on the CFSP.

23. In summary, the public made the following submissions:

- a) That the proposed 2% of the annual budget in the Youth Policy be allocated to youth programs and activities in the CFSP for FY 2022-23;
- b) That under the Youth Policy it proposes establishment of the Nairobi Youth Advisory Committee and funds should be allocated towards its operations in the CFSP for FY 2022-23;

- c) That funds to be allocated towards monitoring and evaluation under the Youth Policy in the CFSP for FY 2022-23;
- d) That the projects that were not implemented under department of Education, Youth Affairs, Sports, Cultural and Social Services to be rolled over in the CFSP for FY 2022-23;
- e) That funds to be allocated towards Community Health Volunteers for their stipends in the CFSP for FY 2022-23;
- f) That repair of dilapidated roads, street lights, & storm water and rehabilitation of play grounds and completion of Nairobi river primary school boundary wall within BuruBuru One to be among the among the development projects for the CFSP for FY 2022-23;
- g) That there is need to identify areas where the Sub-County offices and ward offices would be constructed as there are wards that have the facilities;
- h) That NMS should provide a breakdown of projects it's undertaking in the CFSP for FY 2022-23; and
- i) That a transition plan to be provided for public scrutiny detailing how the transferred functions will be re-integrated to the Nairobi City County Government.

3.5. SUBMISSIONS FROM SECTORAL COMMITTEES

24.Mr. Speaker Sir, the provisions of Standing Order 199 (6) and 221 (4) decree that the Budget Committee shall invite Chairpersons of all Sectoral Committees to make presentation during consideration of the budget. In this process, the Sectoral committees of the County Assembly have an integral duty of not only ensuring that the resources allocated to departments within their watch are sufficient for the intended sector priorities but also to confirm to this Assembly that there is value for money in all such endeavor. Further the Sectoral Committees are expected to validate the sector achievements and the viability of any mitigating measures. After considering the contents of Paper in line with their respective mandates as outlined in Standing Order 221, the Committees are then required to submit their recommendations to the Finance, Budget and Appropriations Committee. In this regard, therefore the Budget Committee commends all those Sectoral

Committees who diligently reviewed their sector programmes, priorities and budget ceilings for the FY 2022-23.

25. The following were some of the recommendations of the Sectoral Committees:

A. Justice & Legal Affairs

- That the Sector priorities for Security & Enforcement Sector, Office of the Governor, Audit Department, Devolution and Sub-County Administration Department and Legal Department sub-sector be approved as submitted by the Sectors.
- That the ceilings for the Legal Department be increased to Kshs. 607.8million with Kshs.500million being for legal fees, Kshs.100million for operation and maintenance and Kshs. 7.8million for completion of 12th floor.
- That the ceilings for development expenditure for Security & Enforcement Subsector be increased by Ksh.10million to cater for;
 - 1) Purchase of Furniture and fitting at Kshs.3million;
 - 2) Purchase of computers at Kshs.2.4million;
 - 3) Confidential Expenditure at Kshs.2.1million;
 - 4) Purchase of Uniform at Kshs.1.1million;
 - 5) Promotions at Kshs.1.6million.
- That the ceilings for recurrent expenditure for Audit Subsector be increased from Kshs. 14million to Kshs. 30million
- That the ceilings for Office of the Governor be increased by Kshs. 355.5million aimed at ensuring that payment of pending bills and equipping all County vehicles with IT system
- That the ceilings for Devolution and Sub County Administration be increased by Kshs. 127.4million in order to cater for the contractual employees in the Sub-Counties and to offset pending staff payment that have not been paid since July, 2021.

B. Education, Children and Social Services

- That the following policy measures be initiated under the Sector in the FY 2022/2023 in relation to projects: -

- a) The County Treasury should timely disburse funds to the Sector to avoid delays in completion of the Sector projects;
 - b) The Sector should ensure all ongoing budgeted projects are completed in the FY 2022/2023 before introduction of new County Integrated Development Plan;
- That the ceilings for the Education, Social Services & Gender; and Youth Affairs & Sports Sector for the FY 2022/2023 be Kshs. 2.926billion with recurrent new ceiling being **Kshs. 1.858billion** and **development** set at **Kshs. 1.068billion**.

C. Agriculture, Livestock and Fisheries Committee

- That the following policy measures be initiated under the Sector in the FY 2022-23;
- i. The County to develop a policy measure where procurement of development projects be done in the first quarter of the FY 2022-23; and
 - ii. The sector to establish measure to reduce roll over of projects every financial Year.
- That the following be approved as the priorities for the Food, Agriculture, and Forestry Sector;
- i) Promotion of food and nutritional security for all;
 - ii) Promotion of food safety;
 - iii) Provision of reliable, accessible, quality and affordable human and animal healthcare;
 - iv) Promotion environmental sustainability in the city; and
 - v) Promotion of sustainable urban food system.
- That the new ceiling for the Sector be approved at Ksh. 522,728,427 being Ksh. 425,728,427 and Ksh. 97,000,000 for recurrent and development respectively.
- That the following Development Projects for the Food, Agriculture and Forestry Sector be approved and implemented in the FY 2022-23;

| S/no | Project Description | Location | Est Duration | Status | CFSP22 |
|------|--|--------------------|---------------------|---------|------------|
| 1 | Completion of animal clinic (at lintel stage) | Pangani, Westlands | Remaining is 1 year | Ongoing | 20,000,000 |
| 2 | Purchase of 2 four-wheel vehicles (For extension services) | CCO's Office | 1 year | New | 14,000,000 |
| 3 | Installation of Green houses and water harvesting Tanks | Institutions | 1 year | New | 9,000,000 |

| | | | | | |
|----|---|---|---------|---|-------------------|
| 4 | Installation of 5 irrigation drip kits in institutions | Institutions | 1 year | New | 2,000,000 |
| 5 | Promotion of zero grazed dairy goat production for livelihood diversification and food security (250; 9 in kid does & 1 buck/group) | 17 Sub Counties | 1 year | New; deferred in 2021/22 to clear pending bills | 10,000,000 |
| 6 | Construction of 10 fish ponds in learning institutions (size 300M ² , with 2,000 fingerlings) | Institutions | 1 year | New | 10,000,000 |
| 7 | Food System Appraisal (Contracted professional services) | County wide | 1 year | New | 10,000,000 |
| 8 | Food recovery project | County wide | 5 years | Ongoing | 10,000,000 |
| 9 | Tree Nursery establishment | City Park & Ruai Sewerage treatment plant | 4 years | Ongoing | 6,000,000 |
| 10 | Completion of underground water reservoir (capacity 520,000 litres) | Athi Pri School | 1 year | New/ongoing | 4,000,000 |
| 11 | Installation of 2 composting machines | City Park & Kangundo Road market | 1 year | New | 2,000,000 |
| | TOTAL | | | | 97,000,000 |

D. Health Services Committee

- That the ceiling for Health Services be approved as Kshs. 10,416,070,000 consisting of Kshs. 8,872,910,000 for recurrent expenditure and Kshs. 1,543,160,000 for development expenditure.
- That the following development projects for the Health sector be approved and implemented in the FY 2022/2023:

| | Project code & Project Title | Requirement for 2022/23 Budget | | Allocation for 2022/23 Budget | |
|---|--|--------------------------------|---------|-------------------------------|---------|
| | | GOK | Foreign | GOK | Foreign |
| | | Ksh. Million | | | |
| 1 | Completion of the stalled Mathare Nyayo Hospital | 250,000,000.0 | 0 | 250,000,000.0 | 0 |
| 2 | Rehabilitation of Mbagathi Hospital | 50,000,000.0 | 0 | 50,000,000.0 | 0 |

| | | | | | |
|----|---|------------------------|----------|------------------------|----------|
| 3 | Construction of medical block for OPD, HDU and ICU at Mbagathi Hospital | 51,000,000.0 | 0 | 51,000,000.0 | 0 |
| 4 | Renovation of Pumwani School of Nursing & Midwifery | 20,000,000.0 | 0 | 20,000,000.0 | 0 |
| 5 | Installation of Solar panels, Standby generators and lifts at Pumwani Maternity Hospital | 12,414,158.0 | 0 | 12,414,158.0 | 0 |
| 6 | Construction of gynecology ward at Pumwani Maternity Hospital | 20,000,000.0 | 0 | 20,000,000.0 | 0 |
| 7 | Completion of the stalled Pumwani Nyayo Wards | 100,000,000.0 | 0 | 100,000,000.0 | 0 |
| 8 | Construction & Equipping of a new medical block at Mama Lucy Kibaki Hospital | 195,000,000.0 | 0 | 195,000,000.0 | 0 |
| 9 | Rehabilitation and Installation of Solar Water Panels at Mama Lucy Kibaki Hospital | 19,864,567.6 | 0 | 19,864,567.6 | 0 |
| 10 | Construction and Equipping of modern block at Mutuini Hospital – Phase 1 | 170,000,000.0 | 0 | 150,000,000.0 | 0 |
| 11 | Rehabilitation of cold rooms and common section at City Mortuary | 100,700,000.0 | 0 | 100,000,000.0 | 0 |
| 12 | Construction rehabilitation and equipping of health centres and dispensaries | 730,093,144.2 | 0 | 574,882,607.3 | 0 |
| | Total | 1,719,071,869.8 | 0 | 1,543,161,332.9 | 0 |

E. Trade, Tourism & Cooperatives Committee

1. That the ceiling for the Trade, Commerce, Tourism and Cooperatives Sector be approved as submitted at Kshs. 893,654,767 with recurrent expenditure being set at Kshs. 449,297,047 and development at Kshs. 444,357,720.
2. That the following policy measures be initiated under the Trade, Commerce, Tourism and Cooperatives Sector in the FY 2022/2023 to improve budget execution;
 - Partner with other government agencies and corporate organizations to reduce financial burden to the County;
 - Ensure realization of the projected and targeted revenues;
 - Recommend for devolving of procurement to the Sectors to streamline procurement processes; and
 - Have regular meetings with the Finance Sector to expedite the processing of payment to contractors.
3. That the following be approved as the strategic sub-sector priorities for the Trade, Commerce, Tourism and Cooperatives Sector;

i. Trade & Enterprise Development sub-sector

- Implement and enforce the proposed Nairobi City County Trade and Industry Bill, 2021 which will promote Nairobi the County with vibrant, efficient, sustainable and competitive trading environment; and
- Boost MSEs through strengthening entrepreneurial skills, issue of seed capital or funds for business growth and Development as well as establishing facilities for productions of goods that are globally competitive.;

ii. Weights and Measures sub-sector

- verification of weighing and measuring instruments;
- inspection of weighing and measuring instruments and pre-packed goods;
- investigation of complaints relating to unfair trade practices;
- Prosecution of offences arising from unfair trade practices; and
- Awareness programs and traders' education on weights and measures matters.

iii. Gaming & Betting sub-sector

- Implementation the NCC Betting, Gaming and Lotteries Act, 2021;
- Development of regulations of the abovementioned act.
- Enforcement and compliance i.e., spot checks, daily supervisions of casinos.
- Licensing of County public gaming (casino) premises, betting premises, lotteries and licensing and issuance of pool table permits.
- Handling of complaints and arbitration

iv. Cooperative Development sub-sector

- Name search and Registration of Co-operative Societies
- Registration of amended bylaws and change of co-operative name
- Revival of dormant co-operatives

v. Cooperative Audit sub-sector

- Statutory Audit of Co-operative societies
- Attend and present Audited accounts during Societies
- Advise societies on taxations, budgetary controls and best practices on financial management and good governance.

vi. Markets Services sub-sector

- 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.

vii. Tourism and Culture Development sub-sector

- To promote Nairobi City County as the tourist destination of choice locally, regionally and globally through;
- Develop a cultural village

4. That the following development projects for the Trade, Commerce, Tourism and Cooperatives Sector be approved and implemented in the FY 2022/2023;

| S/N O | Project Description | Project Scope | Delivery Unit | Location | Est. Cost | Proposed Budget 2021/2022 | CFSP22 ceilings & allocations |
|----------|--|--|------------------|-----------|--------------|---------------------------------|-------------------------------------|
| 1 | Refurbishment of City Hall Annex Mezzanine | Convert city hall mezzanine floor to open plan offices | Administration | County HQ | 30,000,000 | 0 | |
| | Sub total | | | | | | 0 |
| 2 | Purchase of Tourist Bus | Purchase and fabricate a storey tourist bus | Tourism | County HQ | 40,000,000 | 9,357,720 | 9,357,720 |
| 3 | Purchase of software and anchoring of Mobile application | Purchase of software and anchoring of Mobile application | Tourism | County HQ | 10,000,000 | 0 | |
| 4 | Development of Virtual Tours | Development of Virtual Tours Purchase of mobile application | Tourism | County HQ | 10,000,000 | 0 | |
| 5 | Development & Equipping | Construction | Tourism | County HQ | 19,000,000 | 18,000,000 | |

| | | | | | | | |
|----|--|--|-------------------|----------------------|-------------|------------|-------------------|
| | of physical Tourist Information Centre | | | | | | |
| 6 | Mapping out of Culture Enterprises & Updating of Data | Mapping out of Culture Enterprises | Culture | County wide | 13,000,000 | 3,407,592 | 5,000,000 |
| 7 | Establishing and Equipping a Cultural Gallery | Establishing and Equipping a Cultural Gallery | Culture | Westlands Sub county | 20,000,000 | 2,000,000 | |
| | Sub total | | | | | | 14,357,720 |
| 8 | Carry out Feasibility study for E-commerce for Micro and Small Enterprises, and Micro enterprise business identification & profitability | Collect qualitative and quantitative data to advice in support for MSE in E-commerce | Trade Development | County wide | 12,000,000 | 0 | |
| 9 | | Micro & Small enterprise business identification & profitability | Trade Development | County wide | 20,000,000 | 10,000,000 | 10,000,000 |
| 10 | Establish youth, women & others | Construction & equipping an | Trade Development | Dagoretti, Kibra sub | 140,000,000 | 35,500,000 | 40,000,000 |

| | | | | | | | |
|----|---|---|---------------------|-------------------------------|-------------|------------|--------------------|
| | incubation centres for innovation and start ups | incubation centres for Micro & Small Enterprises (MSEs) | | counties | | | |
| 11 | Establish common user facilities for micro & Small Enterprise manufacturing | Construction of common user production go-downs/industrial parks for Textile, furniture & Metal | Trade Development | Dagoretti, Kibra sub counties | 150,000,000 | 29,330,710 | 50,000,000 |
| 12 | Equipping Common User facility for MSE Furniture making | Acquire machines tools and equipments | Trade Development | Dagoretti, langata | 30,000,000 | 18,000,000 | 30,000,000 |
| 13 | Procure an MSE Loans Management information system software | ICT system for loans management | Trade & Development | County HQ | 5,000,000 | 0 | |
| 14 | Procure a double cabin pickup | | Trade Development | County HQ | 9,000,000 | 8,000,000 | 9,000,000 |
| | Sub total Trade | | | | | | 139,000,000 |
| 15 | Construction of new markets | Construct a perimeter wall in Kamulu market | Markets services | Kasara ni Sub county | 60,000,000 | 15,000,000 | 20,000,000 |

| | | | | | | | |
|----|---|---|---------------------|--|-----------------|------------|------------|
| | | Constructe d modern kiosks in 20 wards | Markets services | County wide | 100,000,0 00 | 25,000,000 | 20,000,000 |
| 16 | Constructi on of new market stalls | Extension of stalls done in Dandora | Markets services | Embak asai West Sub County | 45,000,00 0 | 15,000,000 | 20,000,000 |
| 17 | Rehabilitat ion of markets | Constructi on of Canopies in Muthurwa market | Markets services | Starehe Sub County | 85,000,00 0 | 15,000,000 | 40,000,000 |
| 18 | | Makina: Drainage , paintwork s, reroofing works | Markets services | Kibra Sub County | 18,000,00 0 | 17,000,000 | - |
| 19 | | Kahawa West Market | Markets services | Roysa mbu Sub County | 18,000,00 0 | 0 | |
| 20 | | Karen Market | Markets services | Langat a Sub County | 20,000,00 0 | 9,000,000 | 11,000,000 |
| 21 | | Contract cleaning services for all markets | Markets services | County wide | 80,000,00 0 | 0 | |
| 22 | | All markets provided with Garbage skips | Markets services | County wide | 120,000,0 00 | | |
| 23 | | Contracte d services for provision of guards in all markets | Markets services | County wide | 50,000,00 0 | 0 | |

| | | | | | | | |
|----|--|--|--------------------|--------------------------------|-------------|------------|-------------|
| 24 | | Installation and maintenance of CCTV in City Market & City Park market | Markets services | Starehe & Westlands Sub County | 8,000,000 | 8,000,000 | |
| 25 | Revenue collection enhancement | Acquired revenue collection motor vehicles | Markets services | County Hq | 8,000,000 | 8,000,000 | 0 |
| | Sub total | | | | | | 111,000,000 |
| 26 | construction of weights and measures offices in sub-counties | | Weights & measures | | 15,000,000 | 0 | 0 |
| 27 | acquire legal metrology standards and testing equipment | | Weights & measures | | 40,000,000 | 44,036,580 | 45,000,000 |
| | | | | | | | 45,000,000 |
| 28 | Conducting census of all businesses in the County | | Trade Licensing | County wide | 169,999,000 | 0 | 100,000,000 |
| 29 | Procurement of 3No. Operation Buses | | Trade Licensing | County HQ | 40,000,000 | 0 | 25,000,000 |
| 30 | Procurement of 2No. Oper | | Trade Licensing | County HQ | 10,000,000 | 0 | 10,000,000 |

| | | | | | | | |
|----|----------------------------------|--|-----------------|-------------|------------|---|-------------|
| | ation Pick-ups | | | | | | |
| 31 | Procurement of 17 No. Containers | | Trade Licensing | County wide | 10,000,000 | 0 | |
| | | | | | | | 135,000,000 |
| | TOTAL | | | | | | 444,357,720 |

F. Education, Youth Affairs, Sports, Culture & Social Services Sector: Sports and Recreation Departments

- ☐ That the programmes and development projects for the Youth and Sports and Disaster Management be approved as presented.

G. Culture & Committee Services Committee

- That the ceiling for the Liquor Licensing Sub Sector contained in the tabled County Fiscal Strategy Paper as Kshs. 200 million and Kshs.50million for recurrent and development expenditure respectively be approved as proposed.

H. Environment and Natural Resources Committee

- That the following policy measures be initiated under the Sector in the FY 2022-23;
- The County to develop a policy measure where procurement of development projects be done in the first quarter of the FY 2022-23; and
 - The sector to establish measure to reduce roll over of projects every financial Year.
- That the following be approved as the priorities for the Environment Subsector;
- Increase access to public recreational parks and open spaces;
 - Reduce noise, pollution in City;
 - Reduce air pollution in City;
 - Increase public awareness environmental protection;
 - Increase level of cleanliness in the city; and

f) Reduce illegal dumping.

- That the ceiling for the Environment Subsector contained in the tabled CFSP be approved as submitted by the Environment Sub-Sector at Kshs. 2,568,295,540 with recurrent expenditure being Kshs. 2,320,845,540 and development expenditure at Kshs. 247,450,000

I. Water & Sanitation Committee

- That the projects to be rolled over from the Current Financial Year 2021/2022 to be given first priority during the identification of the capital projects for the 2022/2023 Budget Estimates;
- That the ceilings for the recurrent expenditure programs be approved as contained in the CFSP 2022/2023.
- The ceilings for development be approved without reduction from the approved previous year's budget ceiling amount for the Sub-Sector to enhance efficient and effective service delivery for the Water and Sanitation Services Sub-Sector.

J. Labour and Social Welfare Committee

- That the following policy measure be initiated under the Sector in the FY 2022-23
 - a) The County to provide adequate funding for the Sectors in order to ensure implementation of planned activities.
- That the ceiling for the Youth Affairs, Gender and Social Services be approved as proposed by the Sub-Sector;
- That the following be approved as the Sub-Sector priorities for Youth Affairs, Gender and Social Services;

| Directorate | Programmes and Project name | Amount Kshs (M) | |
|---------------------------------|--|-----------------|------|
| | | Recurrent | Devt |
| Social Services Head quarter | Salaries | 194.7 | |
| | General Administration | 400 | |
| Youth | Renovation and Rebranding of Youth Centre | | 10 |
| | Implementation of the activities and programs outlined in the Nairobi City County Youth Policy | 100 | |

| | | | |
|----------------------------------|--|--------------|--------------|
| | Development of ICT hub and Internet Connection at One-stop Youth Centre | | 15 |
| Gender and Community Development | Construction and furnishing of safe House for GBV victims | | 10 |
| | Gender and Disability mainstreaming programs | 60 | |
| | Community empowerment | 27 | |
| | Rehabilitation of Satellite offices (Makadara, Kamukunji, Westlands, Langata, Embakasi, Dagoretti, Kasarani and Central Community Development Offices) | | 24 |
| | Construction of a Community Resource Centre | | 38 |
| Family welfare | Construction of perimeter fence at Mji wa Huruma | | 11 |
| | Construction of a duty house for care givers at Mji Wa Huruma | | 7.3 |
| | TOTAL | 781.7 | 115.3 |

- That the ceiling for the County Public Service Board be increased by **Kshs. 217,072,246** and that the following be approved as the Sector ceilings;

| Budget Item | Resource Requirement | Ceiling allocation | Difference |
|----------------------|----------------------|--------------------|-------------|
| Personnel Emoluments | 51,261,331 | 46,135,198 | 5,126,133 |
| Recurrent | 249,653,750 | 42,707,637 | 206,946,113 |
| Development | 50,000,000 | 45,000,000 | 5,000,000 |
| Total | 350,915,081.00 | 133,842,835 | 217,072,246 |

- That the development projects to be undertaken by the Board be the upgrading of Human Resource Management System at a cost of Ksh. 15,000,000, refurbishment and renovation of CPSB Offices at an estimated cost of Ksh. 10,000,000 and purchase of 3 utility vehicles at a cost of Ksh. 25,000,000.
- That the Public Service Management recurrent expenditure ceiling be set at Kshs. 1,677,566,127 and the following be approved as the Sector priorities;
- Renovation of HRM Offices at an estimated cost of Kshs. 812,718,587;
 - Review of HR Manual at an estimated cost of Kshd. 634,481,053

- c) Capacity building and implementation of TNA recommendations at a cost of Kshs. 167,976,605;
- d) Review of PC guidelines and performance appraisal at a cost of Kshs. 9,360,443
- e) Establish Huduma center(HDD) and Develop and implement RBM policy and framework at a cost of Kshs. 6,702,585
- f) Develop QMS policy and prepare QMS manual(s) at a cost of Kshs. 3,477,403

K. Transport and Public Works Committee

- The following policy measures be initiate by the NMS's Roads, Transport and Public Works Sector in the FY 2022/2023:
 - a) Adopt Sector specific approach during the preparation, consolidation and submission of planning documents; and
 - b) Adopt a collaborative working strategy with the County Executive Department of Roads, Transport and Public Works and the County treasury in order to prepare and submit harmonized and coherent planning documents that contain financial and non-financial data.
- Approves the programmes for the NMS department of Roads, Transport and Public Works as contained in **ANNEX 3**.
- The ceiling for the Roads, Transport and Public Works at the Nairobi Metropolitan Services be approved as follows:
 - a) Development expenditure: **Ksh. 5,000,000,000;**
 - b) Due to the soon to unfold human resource dynamics that will accompany the coming to an end of Nairobi Metropolitan Services(NMS) tenure, the recurrent expenditure be approved in a consolidated figure of **Ksh. 13,600,000,000 for all the transferred functions.**
- Approves the implementation of the Ksh. 5.1 billion 1 KM per Ward projects (**see ANNEX 4**) as submitted by the MCAs to be implemented under the Ward Development Programme (WDP);
- That the following be approved as the Sector priorities for the Transport and Public Works Sector (**see ANNEXES 4; ANNEX 5, ANNEX 6, ANNEX 7 and ANNEX 8**):

L. Energy and ICT Committee

- The budget ceilings for the ICT, E- Government and Public Communication Sector be retained as proposed in the FY 2022-23 CFSP being Kshs.686 million consisting of Kshs.159 million for recurrent and Kshs.527 million for development expenditures.

- The budget ceilings for the Energy Directorate be equally retained as proposed in the FY 2022-23 County Fiscal Strategy Paper.

M. Ward Development Committee

- That the Ceiling for the WDF be approved as was proposed in the tabled County Fiscal Strategy Paper at Ksh1.537billion with recurrent and development expenditure being Ksh.44.5million and Ksh.1.492billion respectively; and
- That the Sector provide clear priorities for implementation for the FY 2022-23.

N. Planning & Housing Committee

- That the Finance, Budget and Appropriations Committee adopts the strategies and budget ceiling for the Lands, Urban Renewal & Housing Sub-Sectors as provided for in the tabled County Fiscal Strategy Paper.
- That the following be the sector's priorities for implementation in the FY2022-23;

i. Urban Planning

- 1) Roll out of Nairobi Planning and Development System (NPDMS) under the Nairobi Revenue System at Kshs.250million;
- 2) Local Physical and Land use plans for the NIUPLAN priority projects and proposed sub centres (4 in number) at a cost of Kshs.200million.

ii. Housing and Urban Renewal

- 1) Renovation of 3 offices at Kariokor, Joseph Kang'ethe and Gorofani Estates at a cost of Ksh.10million;
- 2) Construction and renovation of 3 Markets at estimated cost of Kshs.1.2billion.

iii. Land and Survey

- 1) Title survey of 3,000 parcels of County and Allotted Land at a cost of Kshs.10million;
- 2) Registration and Issuance of 3,000 Leases at a cost of Kshs.20million;
- 3) Survey and Secure infrastructure wayleaves at Kshs.50million;

- 4) Renovation of Dandora Lands Registry at a cost of Kshs.20million;
- 5) GIS Expansion and integration of 4 departments at a cost of Kshs.50million;
- 6) Entrenchment of new valuation roll with additional 5,000 rateable properties at a cost of Kshs.20million; and
- 7) Renovation of 2 basement parking at City Hall Annex at a cost of Kshs.30million.

O. The County Assembly Service Board

- That the ceiling of the County Assembly be approved as Kshs.3.97 billion out of which Kshs.1.85billion will be for meeting recurrent expenditure, Kshs.1.2 billion for development expenditure for the County Assembly and Ksh.911million for replenishing the Car and Mortgage fund scheme in order to finance the car loan and mortgage needs of the members of the Third Assembly.
- The allocations towards the County Assembly are geared to realize the following strategic objectives and priorities:
 - a) Enhance legislative process in the County Assembly;
 - b) Improving oversight functions of the County Assembly through conducting of quarterly meetings between the Assembly committees and the respective County Executive operating sectors and Departments as well as facilitating participation of stakeholders in the oversight processes at committee stages;
 - c) Enhancement of representation role of the Members of the County Assembly through construction of ward offices and provision of office space to the nominated members;
 - d) Development and operationalization of effective management structures, systems, policies and procedures;
 - e) Capacity building for County Assembly Service;
 - f) Provision of infrastructure and facilities both to Members and staff; and
 - g) Enhancement of transparency and accountability in financial planning and reporting.

- h) Deepening the use of ICT through development and implementation of a comprehensive ICT plan with a view to improve communication and delivery of digital documents to all MCAs, Purchase digital tools to enhance legislative, oversight and representation roles of the Members of the County Assembly. As well as automate manual and mechanical processes within Finance, Human Resource and Administration Departments i.e. Leave, overtime, etc

— The following are the key priorities and projects for the County Assembly in 2022/2023 Financial Year.

- Capacity building for the members of the Third Assembly.
- Purchase of digital tools for the Members of the third Assembly.
- Replacement of obsolete office computers and other office equipment particularly in ward offices.
- Construction of Speaker's Official Residence
- Upgrade of Hansard system and ICT infrastructure
- Refurbishment of County Assembly chamber and Offices
- Building up of the Car Loan and Mortgage Fund
- Construction of County Assembly Administration block

— The following provides the summary of economic priorities for 2022/2023 and projections for 2023/2024 and 2024/2025;

| Broad Economic Description | 2021/22 Approved Estimates | 2021/22 Approved Supplementary 1 Estimates | 2022/2023 Projection | 2023/24 Projection | 2024/2025 Projection |
|---------------------------------------|----------------------------|--|----------------------|--------------------|----------------------|
| | Kshs. (Millions) | Kshs. (Millions) | Kshs. (Millions) | Kshs. (Millions) | Kshs. (Millions) |
| Compensation to employees | 894 | 874 | 916.4 | 962 | 1,007 |
| Use of goods and services | 648 | 669 | 914 | 1,005 | 1,100 |
| Acquisition of Assets under Recurrent | 4 | 3 | 22.4 | 12 | 10 |
| TOTAL RECURRENT | 1,546 | 1,546 | 1,854 | 1,979 | 2,117 |
| Transfers to County Assembly Funds | 0 | 0 | 911 | 0 | 0 |

| | | | | | |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| CAPITAL AND DEVELOPMENT | 592 | 592 | 1,210 | 250 | 200 |
| TOTAL | 1,978 | 1,978 | 3,975 | 2,229 | 1,317 |

— The following matrix provides for the County Assembly development projects;

| Program | Project Objective | Project name | Project Description | Location | Expected Outputs | K.P.I | Estimated Cost Ksh. | Time Frame |
|---|---|---|---|-----------|---|--|---------------------|------------------------|
| | Improve Representation capacity of the Members of the County Assembly | Construction and Equipping of Office Offices | Construction of ward offices in wards with County Land | City wide | Ward offices constructed | Operational ward offices | 210,000,000 | June 2022 to June 2023 |
| Legislation, Representation and Oversight | Improve County Assembly Infrastructure | Nairobi City County Assembly Administration Block | Acquisition of Nairobi City County Assembly Administration Block | CBD | An administration block for the County Assembly | Office block Purchased and equipped | 700,000,000 | July 2022 to June 2023 |
| | | Official Residence for Honorable Speaker | Construction of Official residence for Honorable Speaker | TBD | Hon. Speaker's Official Residence | Advanced completion levels of the Hon. Speaker's Official residence | 35,000,000 | July 2022 to June 2023 |
| | | Rehabilitation of Nairobi City County Assembly Parking Area | Construction of shed, install security installations Recarpet, repaint and repair | CBD | Rehabilitated NCCA Parking area | Sheds erected in the NCCA's carpark area, security installations installed, Recarpet | 30,000,000 | July 2022 to June 2023 |

| | | | | | | | | |
|--|--------------|--|--|---------------------------------|---|--|----------------------|-----------------------------|
| | | | drainage in the NCCA carpark | | | ing completed and drainage works done. | | |
| | | Upgrade of Hansard an ICT infrastructure | Upgrade the Hansard system and upgrade County Assembly servers | City Hall, County Assembly Wing | Upgraded Hansard System and County Assembly Servers | Effectively Operating Hansard System and more secure and high capacity Servers | 205,000,000 | July 2022 to June 2023 |
| | | Refurbishment of City Hall, County Assembly Wing | General Repair works | City Hall, County Assembly Wing | Refurbished County Assembly Wing of City Hall | Repair works completed in the selected areas | 30,000,000 | July 2022 to September 2022 |
| | TOTAL | | | | | | 1,210,000,000 | |

3.6. GENERAL OBSERVATIONS ON THE FISCAL STRATEGIES AND THE BUDGET CEILINGS

26. Mr. Speaker Sir, the Budget Committee is mandated to oversight the roles and mandate of the Finance and Economic Planning Sector. In this regard, during the consideration of this CFSP the Committee was keen to determine the revenue raising measures for funding the budget of the financial year 2022-23 going by past trends to avoid allocating dummy resources to sectors priorities.

27. Mr. Speaker Sir, on the transferred functions, the Committee noted that the activities to be pursued for the functions have been generally and broadly provided with little information on how the same links to the programmes for the Sectors in the planning documents, the budget allocations and also no information provided on the nature and locations of the projects to be undertaken. Further, it is noteworthy that the Deed of Transfer of functions is expected to lapse before the full roll out of the budget for the FY 2022-23 and whereas the functions to be funded together with the officers will remain, the expected expiry of the term of the deed makes uncertain the implementing agency for functions the same as well as the revenue collection function by the Kenya Revenue Authority. The CFSP 2022 has once again not provided roadmap towards this likely future. The Committee shall be making recommendations as proposed by Members of the public to ensure that this transition arrangement is safeguarded.

28. Mr. Speaker Sir, the priority areas for the County Assembly in the FY 2022-23 according to the approved ADP included refurbished and fully equipped NCCA administration block, construction of official residence of the Honorable Speaker, construction of 26 no. ward offices and rehabilitation of the County Assembly parking. Previous reports indicate that whereas the County Assembly has requested for huge resources for development in the CFSP ceilings and annual estimates, supplementary budgets have been used to cut down the allocations thereby making the figures so requested nothing short of wishful thinking. For example, in the FY 2019-20 the annual estimates had a development allocation of Kshs. 1.53billion which was finally rationalized to Kshs. 44.7million. In the FY 2020-21 the annual allocation stood at Kshs. 600million but the same has gone down to Kshs. 100million. The amount of Kshs. 1.5billion allocated in the FY 2021-22 has been rationalized to Kshs. 93million. The Committee has in

this regard urged the Clerk of the County Assembly to ensure that resources allocated for development are fully utilized.

29. Mr. Speaker Sir, the development allocation for the County has been fully aligned to the figure approved by the County Assembly through the Annual Development Plan 2021-22. However, considering that development priorities for the County Assembly have been rationalized in previous budgets, the extent of take up of knocked off priorities going forward cannot be determined. In the budget for the current financial year the County the projects related to administration block, purchase of speaker's house and refurbishment of ward offices was knocked off the budget. The Committee heard submission from the Clerk of the County Assembly to the effect that the figures contained in the tabled CFSP erroneously captured the amounts intended for transfer to other County funds as capital budget thereby failing to plan for car loan and mortgage scheme for the members of the third assembly. The Committee shall hence be proposing amendments aimed at correcting the anomaly and in effect amend the ADP 2022-23 to take into account some projects that were knocked through the first supplementary estimates for the current financial year, allocate resources for MCAs car loan and mortgage scheme and generally make the budget responsive to the changing demands of the County Assembly.

IV. RECOMMENDATIONS

I. POLICY MEASURES

- a) That during the fiscal transition from Second to the Third County Governments, the Nairobi City County Government and the Nairobi Metropolitan Services shall prepare and make available a compendium of all projects both complete and ongoing;
- b) That during the fiscal transition from Second to the Third County Governments, the Nairobi City County Government and the Nairobi Metropolitan Services shall prepare and make available a compendium of all pending bills;
- c) That the Nairobi City County Government and the Nairobi Metropolitan Services implements and finalizes the previously budgeted for projects before initiating any new ones;
- d) That any undone projects contained in the County Integrated Development Plan 2017-2022 be the first priority projects for inclusion in the County Integrated Development Plan 2023-2027; and
- e) That projects implementation be done in line with approved County plans as aligned to the Kenyan Vision 2030, Medium Term Plans, Budget Policy Statement and the Big Four Agenda;

II. REVENUE PROJECTIONS

- a) That the revenue raising measures to be implemented in the FY 2022-23 be discussed and modalities of operation be agreed upon between the Nairobi City County Government and Kenya Revenue Authority in line with the Deeds of Transfer of Functions;
- b) That during the fiscal transition from Second to the Third County Governments, the Kenya Revenue Authority shall prepare and make available a compendium of all revenue streams and their respective collection methods, revenue collection platforms, revenue bank accounts and collections figures during the transfer period;
- c) That during the fiscal transition from Second to the Third County Governments, the Kenya Revenue Authority shall prepare and make available a report on the weaknesses, strengths challenges, opportunities and risks to the County's revenue collection methods and accountability mechanisms;

- d) That in addition to the requirements of the Public Finance Management Act 2012, the revenue raising measures be undertaken within the framework of approved County legislations. i.e. Nairobi City County Revenue Act 2015 as amended through the Nairobi City County Finance Act 2022, Nairobi City County Revenue Administration Act 2021 and Nairobi City County Trade Licensing Act 2019.

III.REVENUE AND EXPENDITURE CEILINGS

- a) That the revenue and expenditure ceilings on schedules I and II attached to the CFSP forms the basis for the FY 2022-23 budget.

IV. MEDIUM TERM DEBT MANAGEMENT STRATEGY

- a) That the Assembly approves the debt management strategies underpinning the 2022 CFSP and the budget estimates for the FY 2022-23 subject to the following amendments: -
- The proposed sale of idle County assets and earmarking of CESS collections towards settlement of KCB loan be disapproved.

Mr. Speaker Sir, in conclusion and pursuant to the provisions of Section 117 (6), Section 123 of the Public Finance Management Act 2012 and Standing Order 221 (7) the County Finance, Budget and Appropriations Committee recommends that:

“This County Assembly adopts the Nairobi City County Fiscal Strategy Paper for the FY 2022-23 and the Nairobi City County Debt Management Strategy Paper for the FY 2022-23”

SCHEDULE 1. REVENUE PROJECTIONS FOR COUNTY FISCAL STRATEGY PAPER FOR FY 2022-2023


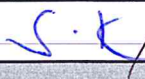
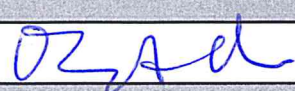
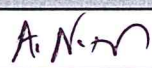
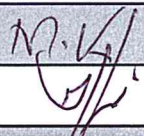
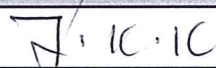
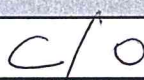



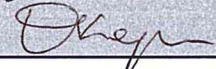
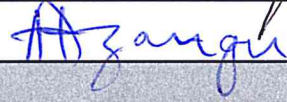

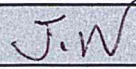

| ITEM | Approved Budget | Supp II | Actuals | Approved Budget FY 2021/22 | CFSP 2022/23 Tabled | CFSP 2022/23 Recommended |
|--|-----------------------|-----------------------|-----------------------|----------------------------|-----------------------|--------------------------|
| EXTERNAL SOURCES | | | | | | |
| Equitable share | 15,951,600,000 | 15,919,950,000 | 15,919,950,000 | 19,250,000,000 | 19,249,677,414 | 19,250,000,000 |
| Equitable share FY 2019/2020-Unremitted | 3,500,697,260 | 3,500,697,260 | 3,500,697,260 | | | |
| Grant MOH Workers | | 100,200,000 | 100,200,000 | | | |
| Compensation for User Fees Foregone | 79,423,251 | 79,423,251 | 79,423,251 | | | |
| Road Maintenance Levy FY2019/2020 | 451,898,344 | 451,898,344 | - | | | |
| Road Maintenance Levy FY2020/2021 | 475,436,588 | 475,436,588 | - | | | |
| KDSP(Level 1 grant Allocation) | 45,000,000 | 45,000,000 | 45,000,000 | | | |
| DANIDA- Grant for Universal Health care for 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 Loans for transforming Health Sysems for Universal Care Systems | 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 | 19,250,000,000 |
| Own Source Revenues (OSR) | | | | | | |
| RATES | 5,057,511,170 | 5,057,511,170 | 2,766,193,658 | 7,458,283,311 | 5,125,000,000 | 5,625,000,000 |
| PARKING FEES | 2,800,000,000 | 2,800,000,000 | 1,519,476,673 | 3,025,000,000 | 3,025,000,000 | 3,025,000,001 |
| 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 |
| 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 | 1,750,000,000 |
| BILLBOARDS & ADVERTS | 1,200,000,000 | 1,200,000,000 | 736,338,078 | 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 |
| FIRE INSPECTION CERT | 450,000,000 | 450,000,000 | 211,133,219 | 450,000,000 | 450,000,000 | 450,000,000 |
| FOOD HANDLERS CERTIFICATE | 210,000,000 | 210,000,000 | 91,148,523 | 250,000,000 | 250,000,000 | 250,000,000 |
| REGL. OF BLDNG/CHANGE/AMALG/SUB | 150,000,000 | 150,000,000 | 123,262,135 | 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 | 240,000,000 |
| OTHER MARKETS | 144,972,000 | 144,972,000 | 166,717,976 | 298,770,000 | 298,770,000 | 298,770,000 |
| OTHER INCOMES | 1,312,926,000 | 1,312,926,000 | 940,162,134 | 1,432,691,360 | 1,439,064,347 | 1,439,064,347 |
| LIQOUR FEES | 250,000,000 | 250,000,000 | 279,429,434 | 250,000,000 | 250,000,000 | 250,000,001 |
| Cash balances projected | | | | | | 800,000,000 |
| Sub-Total: Own Source Revenues | 16,459,511,170 | 16,459,511,170 | 9,940,944,747 | 19,610,744,671 | 17,527,834,347 | 19,077,834,349 |
| TOTAL REVENUE | 37,101,296,830 | 37,169,846,830 | 29,615,743,077 | 39,027,536,000 | 36,777,511,761 | 38,327,834,347 |

SCHEDULE 2. EXPENDITURE CEILINGS FOR COUNTY FISCAL STRATEGY PAPER FOR FY 2022-2023

| VOTE CODE TITLE | Tabled CFSP FY 2022-23 (Kshs. Millions) | | | Committee Amended Budget Ceilings for FY 2022-23 (Kshs. Millions) | | |
|--|---|-------------|---------------|---|-------------|---------------|
| | Recurrent | Capital | Total | Recurrent | Capital | Total |
| 5311: COUNTY PUBLIC SERVICE BOARD | 88,842,835 | 45,000,000 | 133,842,835 | 146,129,014 | 45,000,000 | 191,129,014 |
| 5312: OFFICE OF GOVERNOR & DEPUTY GOVERNOR | | | | | | |
| Administration, Research & Executive Services | 728,622,802 | 773,000,000 | 1,501,622,802 | 712,803,208 | 663,000,000 | 1,375,803,208 |
| Sub County Administration | 1,671,690,811 | 84,410,204 | 1,756,101,015 | 1,546,805,970 | 54,410,204 | 1,601,216,174 |
| Security and Compliance | 1,016,944,557 | 62,500,000 | 1,079,444,557 | 927,402,876 | 38,000,000 | 965,402,876 |
| Fire & Disaster management | 348,872,977 | 109,000,000 | 457,872,977 | 327,712,226 | 175,000,000 | 502,712,226 |
| Legal Services | 263,421,825 | 43,200,000 | 306,621,825 | 249,309,186 | 43,200,000 | 292,509,186 |
| Audit | 77,369,601 | 17,000,000 | 94,369,601 | 74,769,315 | 17,000,000 | 91,769,315 |
| 5313: ICT, E-GOVT & PUBLIC COMMUNICATIONS | 159,103,428 | 526,985,614 | 686,089,042 | 183,106,321 | 388,949,652 | 572,055,973 |
| 5314: FINANCE & ECONOMIC PLANNING | 1,575,843,348 | 226,000,000 | 1,801,843,348 | 1,324,013,084 | 154,000,000 | 1,478,013,084 |
| 5315: HEALTH | | | | 102,759,163 | | 102,759,163 |
| 5316: LANDS, URBAN PLANNING & HOUSING | | | | 31,443,354 | | 31,443,354 |
| 5317: ROADS, PUBLIC WORKS & TRANSPORT | | | | 58,667,384 | | 58,667,384 |
| 5318: EDUCATION, YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES | 1,858,004,787 | 512,300,000 | 2,370,304,787 | 1,933,234,575 | 425,300,000 | 2,358,534,575 |

| | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| 5319:TRADE,COMMERCE,TOURISM & COOPERATIVES | 449,297,047 | 444,357,720 | 893,654,767 | 407,684,900 | 370,000,000 | 777,684,900 |
| 5320:PUBLIC SERVICE MANAGEMENT | 1,677,598,699 | 75,000,000 | 1,752,598,699 | 1,918,884,502 | 75,000,000 | 1,993,884,502 |
| 5321:AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY | 295,652,678 | 97,000,000 | 392,652,678 | 285,698,240 | 97,000,000 | 382,698,240 |
| 5322:COUNTY ASSEMBLY | 1,852,800,000 | 911,000,000 | 2,763,800,000 | 1,842,800,000 | 1,861,000,000 | 3,703,800,000 |
| 5323: ENVIRONMENT ,WATER & SANITATION | | | | 25,874,802 | | 25,874,802 |
| 5325:WARD DEVELOPMENT FUND | 44,515,416 | 1,492,500,000 | 1,537,015,416 | 79,376,372 | 1,492,500,000 | 1,571,876,372 |
| 5327:LIQOUR LICENSING BOARD | 200,000,000 | 50,000,000 | 250,000,000 | 200,000,000 | 50,000,000 | 250,000,000 |
| Retained Functions | 12,308,580,811 | 5,469,253,538 | 17,777,834,349 | 12,378,474,492 | 5,949,359,856 | 18,327,834,348 |
| Transferred Functions/Ancillary Services | | | | | | |
| 5328 NAIROBI METROPOLITAN SERVICES | 13,600,000,000 | 5,400,000,000 | 19,000,000,000 | 14,600,000,000 | 5,400,000,000 | 20,000,000,000 |
| TOTAL | 25,908,580,811 | 10,869,253,538 | 36,777,834,349 | 26,978,474,491 | 11,349,359,856 | 38,327,834,348 |

We the undersigned Members of the Finance, Budget and Appropriations Committee affirm that this is the approved report of the Committee on the CFSP and DMSP for the FY 2022-23 as adopted by the Committee on the 25th day of May, 2022

| NAME | SIGNATURE |
|----------------------------------|---|
| 1. Hon. Robert Mbatia, MCA |  |
| 2. Hon. Patrick Karani, MCA |  |
| 3. Hon. Michael Ogada, MCA | |
| 4. Hon. Osman Adow, MCA |  |
| 5. Hon. Daniel Ngengi, MCA | |
| 6. Hon. Anthony Ngaruiya, MCA |  |
| 7. Hon. Kariuki Wanjiru, MCA |  |
| 8. Hon. J.M Komu, MCA | |
| 9. Hon. Paul Ndungu, MCA | |
| 10. Hon. James Kariuki, MCA |  |
| 11. Hon. Susan Mukungu, MCA | |
| 12. Hon. Catherine Okoth, MCA |  |
| 13. Hon. Emily Oduor, MCA |  |
| 14. Hon. David Okello, MCA |  |
| 15. Hon. Nancy Muthami, MCA | |
| 16. Hon. David Mberia, MCA | |
| 17. Hon. Nimo Hajji, MCA | |
| 18. Hon. Kennedy Oyugi, MCA |  |
| 19. Hon. Fredrick Okeyo, MCA |  |
| 20. Hon. Herman Azangu, MCA |  |
| 21. Hon. Emapet Kemunto, MCA | |
| 22. Hon. Cecilia Ayot, MCA |  |
| 23. Hon. Jacinta Wanjiru, MCA |  |
| 24. Hon. Elizabeth Nyambura, MCA |  |

