NAIROBI CITY COUNTY

FISCAL STRATEGY PAPER

2024

February, 2024

LET'S MAKE **NAIROBI** WORK

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VISION

"A CITY OF ORDER, DIGNITY, HOPE AND OPPORTUNITIES FOR ALL"

MISSION

To provide customer-centric, responsive services through inclusivity and collaboration, in a sustainable, secure and development oriented environment.

CORE VALUES

- **Customer centred:** The County is committed to uphold customer driven and focused service delivery.
- **Equity and fairness:** The county provides its services equitably and without bias
- **Professionalism and ethical practices:** All staff uphold high moral standards and professional competence in service delivery.
- **Transparency and accountability:** The County conducts its business and offer services to its stakeholders in a transparent and accountable manner.
- **Participatory approach and inclusiveness:** The County is committed to consultations, joint and comprehensive partnership in all its affairs

FOREWORD

The Nairobi County Fiscal Strategy Paper 2024 was prepared pursuant to section 117(1) and (6) of the Public Finance Management Act (PFMA), 2012, and also adheres to provisions of Section 26 of the Public Finance Management (County Governments) Regulations, 2015. It provides the fiscal policy direction towards the budget 2024/2025 and shapes the budget priorities for the second year of the CIDP 2023-2027, the third generation plan for the county. It propagates the pursuit of transformation of Nairobi City County towards being a city of order, dignity, hope and opportunities for all, the aspirations espoused in the CIDP 2023-2027 and the ADP 2024/25 submitted to the County Assembly. At the same time, this CFSP will focus the budget towards provision of a conducive environment for economic recovery, social development and provision of dignity to all Nairobians, and also aligned to national development agenda in consonance with the draft Budget Policy Statement 2024.

This fiscal strategy accelerates the development agenda initiated by H.E. the governor, pinpointing strategies and priorities that will be implemented by sectors. A nexus between sector priorities, expectations of Nairobians and the Governors manifesto has been established all converging towards the fiscal objectives expressed herein. Consequently, apportionment of resources has been channeled towards high impact projects which align to the expressed needs. Adequate resources have been set aside for construction of stadia and markets while at the same time improvement of service delivery. Provision of support and care to vulnerable groups has been prioritized through initiatives targeting the school feeding programme, free ECDE, support for the aged, bursaries and scholarships. Mobility and safety will also be improved through road maintenance, Non-Motorized transport development, opening up new roads and installation of security lights.

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. Allocation towards development is at 30 percent, an attempt towards rejuvenating the development momentum of the city and catapulting it to be a globally competitive city in the medium term.

To achieve the above, this paper proposes a budget of Ksh. 41.57 Billion, a 0.02 percent decrease from the approved budget 2023/2024. Historically, the contribution of external revenue to the total revenue has been predominantly higher than own source revenue. The projected contribution of Own Source Revenue to the total revenue is 49% (Ksh. 20.06 B and Ksh. 351 Million from liquor fees) while external sources are projected at Ksh. 21.156 B (51%). Acknowledging the deficiency of resources compared to the mammoth catalogue of needs and proposals, the commitment towards transforming the city remains unwavered, and our doors remain open to all partners who may be willing to walk with us towards this reality.

CHARLES KERICH
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

The production of this CFSP 2024 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 all.

It is my singular honour to thank the county leadership from H.E. Johnson Sakaja and H.E. James Muchiri for their leadership and support throughout the process. I applaud all staff of Nairobi City County who both directly and indirectly participated in the production of this paper. I wish to acknowledge the County Executive Committee Member for Finance and Economic Planning Mr. Charles Kerich for his dedication towards the timely preparation of this paper, and his role in coordination of all County Executive Committee Members, whose sectoral inputs were immense.

Special thanks to the Acting County Secretary Patrick Analo, for the impeccable coordination and support across the sectors and I also convey my utmost appreciation to all County Chief Officers, members of respective sector working groups, and the Sub-County Administration.

I appreciate the magnificent dedication of the economic planning and budget teams for guiding the formulation and production process and successfully delivering this paper.

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

ASHA ABDI

COUNTY CHIEF OFFICER - FINANCE AND ECONOMIC PLANNING

ACRONYMS

ADB	African Development Back
ADA	Alcohol and Drug Abuse
AinA	Appropriation in Aid
BPS	Budget Policy Statement
CBR	Central Bank Rates
CPI	Consumer Price Index
CGA	County Government Act
DFA	Development Finance Assessment
EAC	East African Community
FFLoCA	Finance Locally Led Climate Action Plans
GDP	Gross Domestic Product
IMF	International Monetary Fund
MSEs	Micro & Small Enterprises
NRS	Nairobi Revenue Service
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PIM	Public Investment Management

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CHAPTER ONE: OVERVIEW

1.0 Introduction

This chapter presents the philosophy behind financial planning and the legal framework underpinning the preparation of the Fiscal Strategy Paper for the fiscal period 2024/2025. It traces the Counties Fiscal performance from 2021/2022,2022/2023 and Mid-year 2023/2024 for various County departments and agencies.

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:

i. A description of budget implementation for the period 2021/22 to 2022/23, including revenue and expenditure performance.

ii. A description of any changes to the budget during the year, such that may have necessitated revision of the approved financial plan.

iii. An overview of the expected revenue and expenditure totals for the coming year, based on an assessment of the economy and any other determinants.

iv. 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

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 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.

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

The County Assembly is required to consider the CFSP and adopt it with or without amendments within fourteen days after submission by the county treasury. This paper also conforms to the provisions of Section 26 of the Public Finance Management (County Governments) Regulations, 2015.

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 2024. Achieving the development agenda espoused in the County Integrated Development Plan, (CIDP 2023-2027) will be the overarching target. In this regard, the fiscal policies are geared towards triggering a multiplier effect towards the achievement of the national economic recovery agenda to sustain inclusive growth of the BPS, 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 this paper have also been anchored on the Medium-Term Plan IV of the Vision 2030 and the Governors Manifesto

1.2 Rationale

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 2024/2025, 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.

CHAPTER TWO: MACRO ECONOMIC POLICY FRAMEWORK

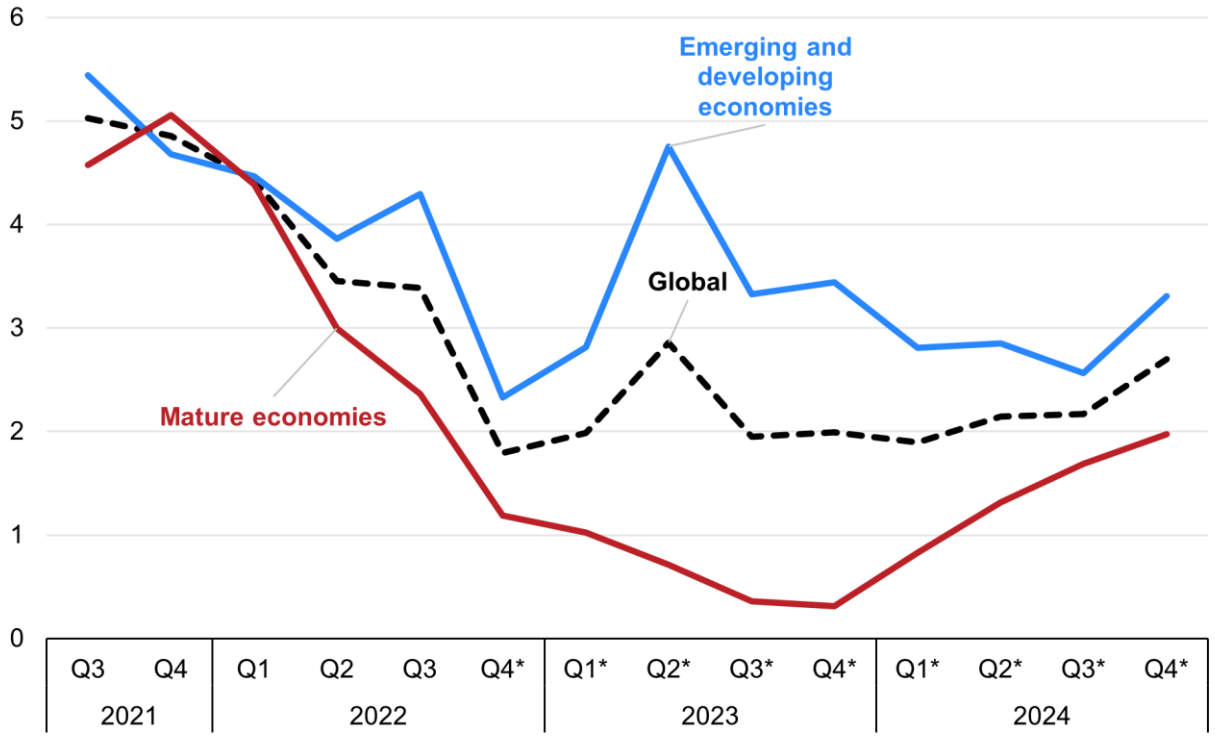
2.1 MACRO ECONOMIC POLICY FRAMEWORK

Global Economic Prospects/outlook

Economic growth weakened in advanced economies, contributing to a decline in global growth from 3.1 percent in 2022 to rates around 2.1–2.6 percent in 2023. Tight monetary policy weighed substantially on economic activity of advanced economies, with considerable slowdowns predicted for the Euro Area in 2023. According to economic update from the world Bank the rapid rise in interest rates in the U.S. led to substantial tightening of financial conditions for the emerging market and developing economies (EMDEs), with the more vulnerable EMDEs facing potential financial disruptions.

Lower growth was also recorded for sub-Saharan African countries, decelerating from 3.6 percent in 2022 to an estimated 2.5–3.0 percent in 2023. This has been attributed to, among others, tight domestic macroeconomic policies in response to elevated inflation and fiscal challenges, exacerbated by global uncertainty and tight global financial conditions.

According to IMF Global growth is projected at 3.1 percent in 2024 and 3.2 percent in 2025, with the 2024 forecast 0.2 percentage point higher than that in the October 2023 World Economic Outlook (WEO) on account of greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China. The forecast for 2024–25 is, however, below the historical (2000–19) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8 percent in 2024 and to 4.4 percent in 2025, with the 2025 forecast revised down.



Note: Regions are aggregated based on nominal GDP in international dollars (PPP converted); Data from 2022 Q4 are forecasts from The Conference Board.
Source: The Conference Board, Global Economic Outlook (January 2023).

With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. On the upside, faster disinflation could lead to further easing of financial conditions. Looser fiscal policy than necessary and then assumed in the projections could imply temporarily higher growth, but at the risk of a costlier adjustment later on. Stronger structural reform momentum could bolster productivity with positive cross-border spillovers. On the downside, new commodity price spikes from geopolitical shocks—including continued attacks in the Red Sea—and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions. Deepening property sector woes in China or, elsewhere, a disruptive turn to tax hikes and spending cuts could also cause growth disappointments.

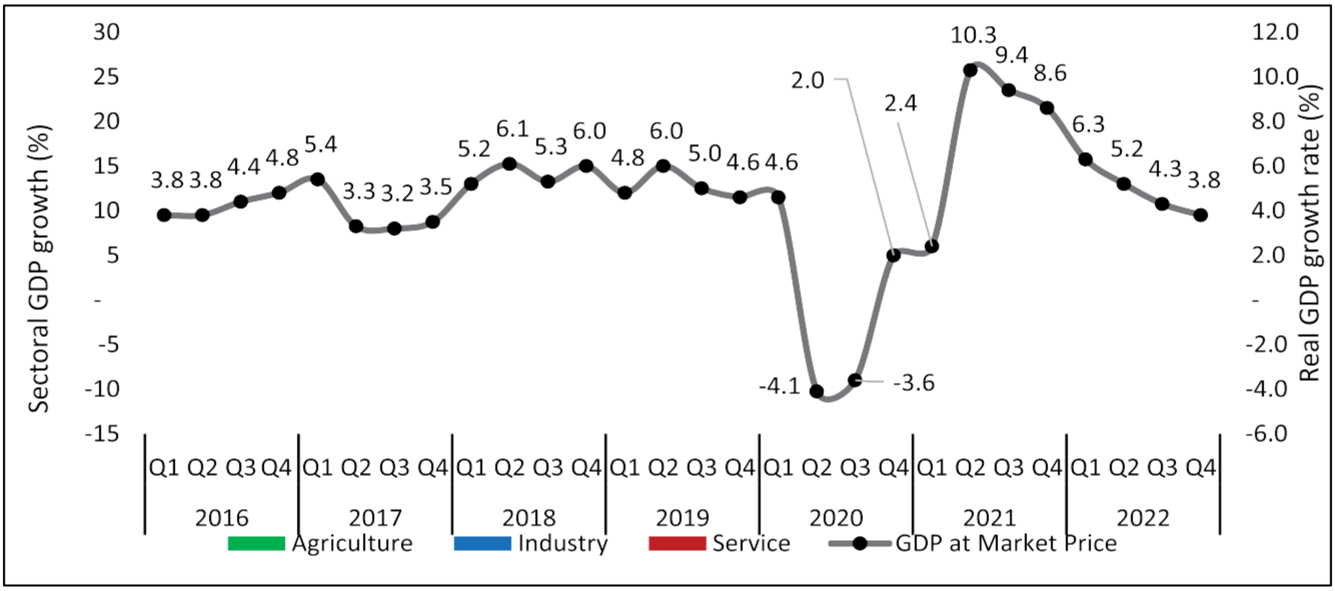
Policymakers' near-term challenge is to successfully manage the final descent of inflation to target, calibrating monetary policy in response to underlying inflation dynamics and—where wage and price pressures are clearly dissipating—adjusting to a less restrictive stance. At the same time, in many cases, with inflation declining and economies better able to absorb effects of fiscal tightening, a renewed focus on fiscal consolidation to rebuild budgetary capacity to deal with future shocks, raise revenue for new spending priorities, and curb the rise of public debt is needed. Targeted and carefully sequenced structural reforms would reinforce productivity growth and debt sustainability and accelerate convergence toward higher income levels. More efficient multilateral coordination is needed for, among other things, debt resolution, to avoid debt distress and create space for necessary investments, as well as to mitigate the effects of climate change

Kenya Economic Outlook

Kenya's economic performance strengthened in 2023 despite continued challenges, with real GDP growth accelerating from 4.8% in 2022 to an estimated 5% in 2023. The improved growth performance was attributed to a strong rebound in agriculture sector in 2023 which had faced a persistent and severe drought as well as a moderate growth in the services sector.

Manufacturing was negatively impacted by surging production costs as input and borrowing costs rose, as business sentiment deteriorated in the 2023 driven by among others political tensions, a weakening shilling, and a slowing global economy. This resulted in slowed industrial activity that consequently moderated growth in the services sector. However, expansion in tourism continued in 2023 albeit at a more gradual pace.

Quarterly Real GDP growth rates 2016-2022



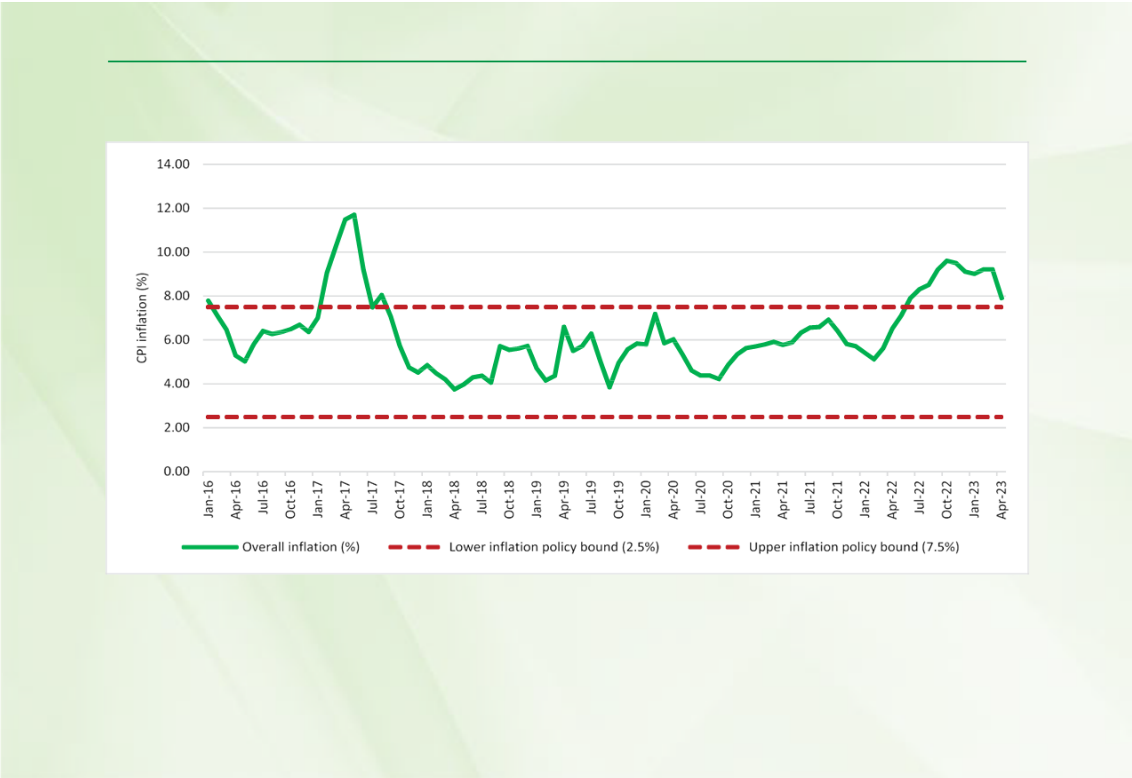
Data Source: CBK (Various), Monthly Economic Indicators

Inflation

Overall inflation declined to 6.9 percent in October 2023 from a peak of 9.6 percent in October 2022, supported by monetary policy measures, and easing food prices following improved supply attributed to harvest of key food items, particularly maize, and government measures to zero-rate key food imports. According to the central bank Food inflation eased to 7.8 percent in October 2023 compared to a peak of 15.8 percent in October 2022, with declines in prices of edible oils, wheat products, maize and milk products that had exerted pressure on inflation. Fuel inflation increased to 14.8 percent in October from

12.6 percent October 2022, reflecting higher energy prices following increases in global oil prices, upward review of electricity tariffs in April 2023, and implementation of 16 percent VAT on pump prices. Non-food non-fuel (NFNF) inflation remained stable, declining marginally to 3.6 percent in October from 3.8 percent in October 2022. CBK continued to monitor the overall liquidity in the economy as well as any threats that could fuel demand driven inflationary pressures (CBK Monitory Committee)

Inflationary trends; January 2016–April 2023

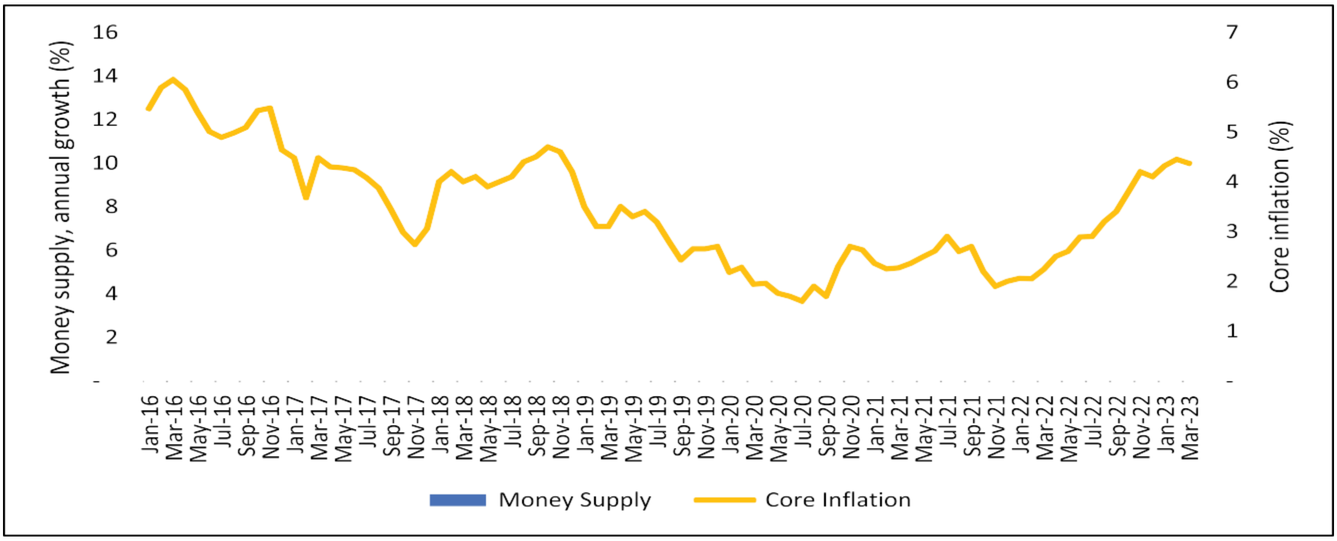


Data Source: CBK (Various), Monthly Economic Indicators

Monitory policy

The CBK has been taking measures to contain inflationary pressures. It increased the Central Bank Rate (CBR) by 175 basis points during the first half of 2023, helping to bring the inflation down into CBK's target range in July 2023. However, inflation has lingered close to the upper limit, indicating the persistence of underlying inflationary pressures partly due to the depreciating shilling, and the Monetary Policy Committee raised the CBR by a further 200 basis points in December to 12.5 percent. These rate hikes aim to stabilize the exchange rate and anchor inflationary expectations. In a significant move to strengthen the monetary policy framework, the CBK also introduced an interest rate corridor spanning ± 250 basis points around the CBR. The interest rate corridor is expected to reduce market volatility and uncertainty while improving the transmission of CBR changes to other interest rates, inflation, and economic activity. Additionally, the CBK reduced the interest rate on its discount window facility by 200 basis points, supporting greater liquidity access and encouraging banks to lend more to businesses and households.

Trends in money supply and core inflation

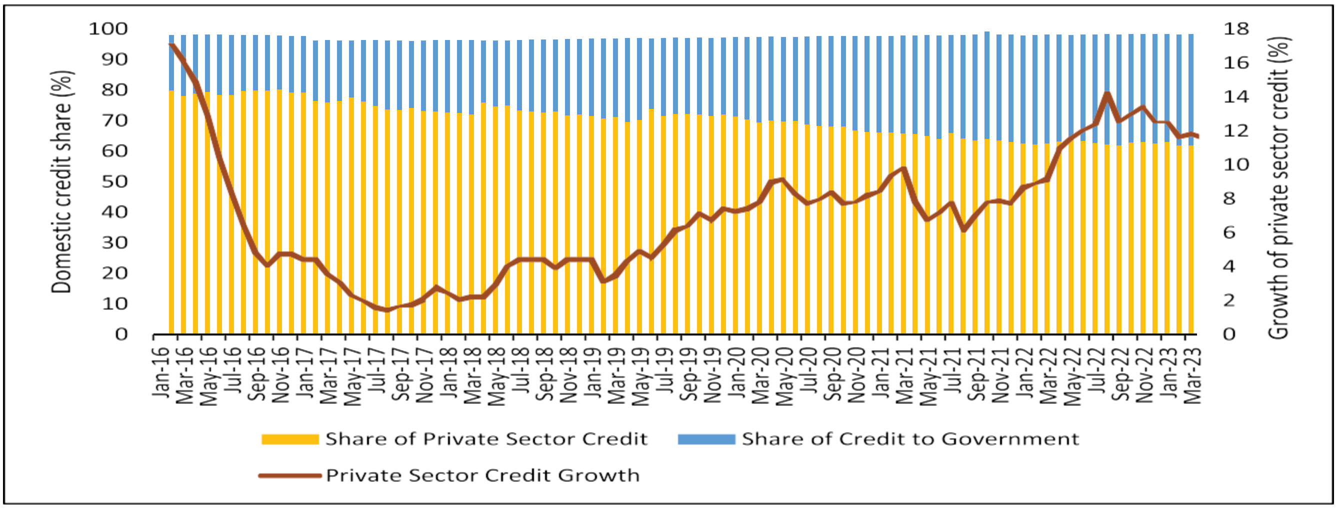


Data Source: CBK (Various), Monthly Economic Indicators

Private sector and banking

Private sector credit continues to grow. Banks' lending to the private sector has remained strong in 2023, with an average growth rate of 12.0 percent recorded over January–August 2023 compared to 11.4 percent over the corresponding period in 2022. This increased availability of private sector credit reflects reduced growth of government borrowing to 14.7 percent during the fi rst eight months of 2023, down from 23.5 percent during the corresponding period in 2022. Significant contributors to private sector credit growth included transport and communication (24.9 percent), manufacturing (19.6 percent), trade (9.4 percent), and consumer durables (12.7 percent). Notably, both the number of loan applications and approvals remained robust, indicating the resilience of economic activities. However, growth in private sector credit recently reduced from its high of 13.2 percent recorded in April 2023 to 11.5 percent in July-August 2023, as macroeconomic conditions further tightened.

Trend in credit to private sector and government

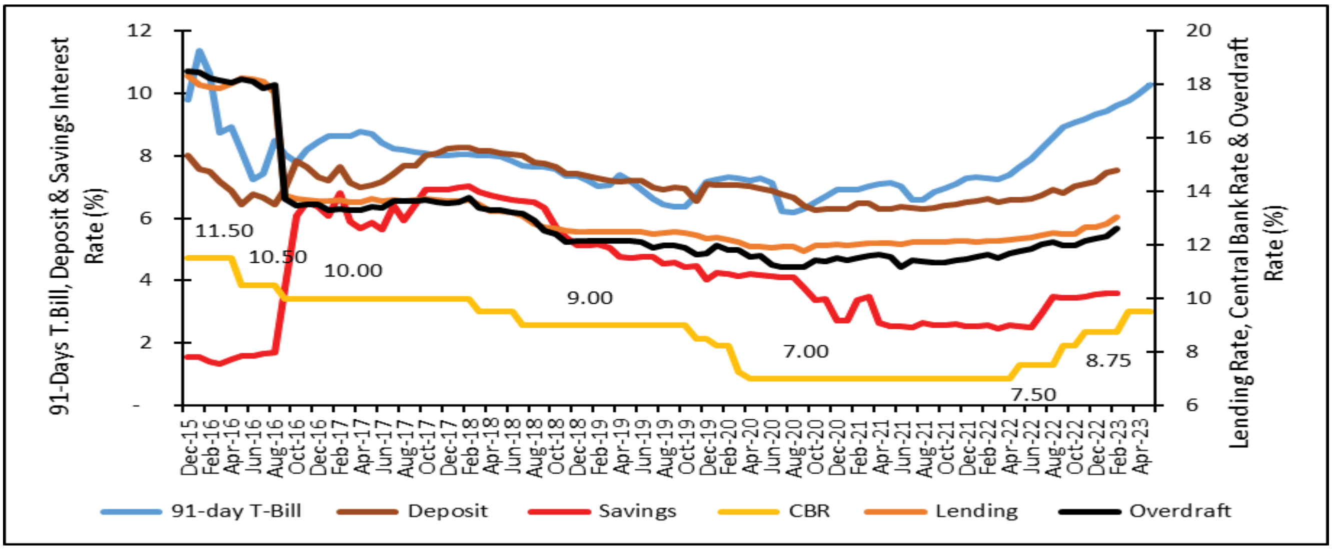


Data Source: CBK (Various), Monthly Economic Indicators

Interest

Kenya continues to experience low foreign direct investment inflows amidst a weakening shilling. The rapid interest rate hikes in advance economies led to a substantial increase in borrowing costs for Kenya and prompted capital outflows. Inflows from foreign direct investments (FDI) have been low for Kenya compared to SSA and middle-income economies. In addition, rising external financing needs in the face of tightened global financial conditions contributed to falling reserves. Short-term money market interest rates increased in the six months to October 2023, partly reflecting the tight monetary policy stance and liquidity conditions in the money market. Following the introduction of an interest rate corridor around the CBR set at CBR± 250 basis points by the MPC in August 2023, the monetary Interest rates on Government securities increased during the period and have broadly tightened at the short end of the yield curve, partly reflecting the tight liquidity conditions. The effective coordination of monetary and fiscal policies, particularly in the implementation of the Government domestic borrowing programme continue to support the yield curve (Chart 6b and 6c). policy operations aimed at ensuring the interbank rate, as an operating target, closely tracks the CBR. As a result, the interbank weighted average rate has aligned with the policy corridor. Open market operations remained active

Trends in interest rates



Balance of Payments

Developments in the 12-months to October 2023, the current account balance was a deficit of USD 4,010 million (3.7 percent of GDP), compared to a deficit of USD 6116 million (5.3 percent of GDP) in a similar period in 2022. The current account deficit in percent of GDP narrowed due to slow growth of imports as well as resilient remittances. The deficit in the goods account narrowed to USD 9,357 million in the year to October 2023, largely reflecting lower imports of infrastructure related equipment due to completed projects.

The performance of exports declined by 2.0 percent to USD 7,291 million in the year to October 2023, on account of low earnings from horticulture exports due to poor earnings in destination markets. However, receipts from tea, manufactured goods and chemicals exports increased by one percent,14 percent and five percent, respectively during the period. Imports dropped by 14.9 percent in the 12 months to October 2023 compared to an increase of 14.7 percent in a similar period in 2022. The decline in imports was across all categories with the exception of food and crude materials. Receipts from service exports also declined in the period under review. (Chart 4a and Chart 4b). Financial account net inflows totaled USD 3,934 million in the 12-months to October 2023 from USD 4,604 million over a similar period in 2022. This largely reflected a decline in other investment inflows.

The capital account on the other hand, recorded a surplus of USD 140.0 million in the 12-months to October 2023. Imports from China accounted for 19.8 percent of the total imports in the 12 months to October 2023, while United Arabs Emirates, India, the United States, and the United Kingdom accounted for 19.4 percent, 11.1 percent, 4.9 percent, and 1.6 percent, respectively

Looking ahead 2024

The near-term outlook is one of continued resilience with growth projected at around 5 percent in 2024 amid ongoing adjustments in the fiscal policy and external accounts. Inflation is expected to inch up in the first half of 2024, driven primarily by global oil price volatility and exchange rate pass-through, but to remain contained due to the recent monetary policy tightening and as the authorities strive to deliver a stronger fiscal consolidation to stabilize the overall public debt/GDP in 2024. Notwithstanding the elevated downside risks in the near term, the authorities should be resolute in their actions to help keep confidence anchored. Kenya's medium-term prospects are positive and could be buttressed by improving competitiveness, inclusivity, and enhancing governance and anti-corruption framework to support a vibrant and market-driven economy. Progress on the authorities' climate agenda, including RSF-supported reforms, will not only prepare the country well against future climate shocks, but also help attract climate finance to support these further efforts.

The outlook is subject to considerable risks, including the effects of a prolongment of Russia's invasion of Ukraine on commodity prices, tight global financing, drought, and slow global economic recovery. Real GDP projected growth will be driven partly by private sector investment and recovery in private consumption, which will be supported by reduced inflationary pressures. Growth in private investment, supported by ongoing structural reforms and somewhat reduced government borrowing from the domestic market, is projected to raise Kenya's GDP growth in the medium term. The current account is also projected to narrow, but Kenya will continue to face challenges related to weak external financing inflows destinations, enhancing domestic resource mobilization, deepening financial sector reforms, and accelerating structural reforms.

Nairobi Economic Outlook

Nairobi City County operates within the global and national macro-economic framework thus directly and indirectly influencing the county's fiscal decisions and operations. The Global dynamics impact the grants and loans that are targeted at supporting counties. Stable global economic performancealso result in the higher national GDP growth that trick down to County levels. The National economic growth is a key parameter that influences the national government share of transfers to the Counties, thegreater the domestic GDP, the more allocation counties expect.

In the financial year 2022/23 local revenues grew by 14% from the previous year with the growth being fueled by rates, Single business permit, building permits and food handlers certificates. The County expenditures were at 74% of the approved budget.

The positive overall fiscal balance reflects a positive balance despite the underperformance of own source revenues and this was largely occasioned by the late release of the June 2023 equitable share allocation which could not be fully utilized due to year end procedures delayed implementation of road maintenance funded programmes.

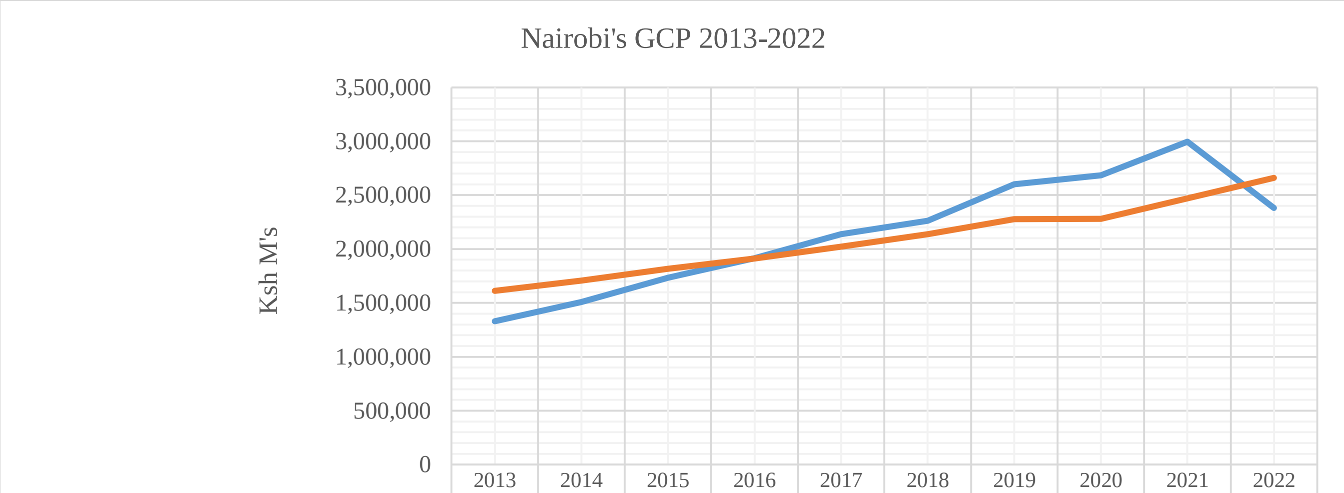
The real interest rates reflect the real cost of borrowing, savings and return on investment for both the County Government and Nairobi business communities. Nairobi being the Capital City of Kenya, has a population of approximately 4.3 million and 1.4 million households according to 2019 censures report; and also the hosts majority of SMEs whose survival greatly depends on affordability of credit inthe economy. The stable interest rate is favorable for the development Programs and projects for CountyGovernment even as the County explores alternative means of financing its development programs such as the use of market instrument (Green bonds and Infrastructure bond). Alongside market borrowing, the County should also explore other financing options such as enhancing PPP and sourcing for grants in project implementation as a complement. Remittances support businesses and investments in Nairobi as well as play an important role in stabilizing the foreign exchange market. With strong and resilient remittances flows in 2023, businesses in Nairobi County are likely to remain stable hence optimism in the revenue streams for the County

Exchange rate fluctuations also affects the County Government processes and operations. The continued weakening of the Kenya Shilling against key trading countries' currencies makes imports more expensive. This does not only affect the Nairobi residence in terms of expensive business inputs but also affects the County's Government cost of inputs for the developmental projects. Weaker Kenya shilling resulting to expensive imports also contributed to increased inflation. Inflation changes the costsof goods and services that in turn affect peoples' purchasing power and thus business performance too are affected which in the end, affects the various revenue streams of the county.

Nairobi County GCP trend

YEAR	COUNTY SHARE OF GCP(%)	GCP AT CURRENT PRICES (MILLIONS)	GCP AT CONSANT (2016) PRICES (MILLIONS)
2013	27.5	1,328,511	1,612,572
2014	27.5	1,508,534	1,707,029
2015	27.6	1,733,377	1,817,432
2016	27.6	1,913,903	1,912,001
2017	27.5	2,136,097	2,020,743
2018	27.7	2,263,505	2,138,027
2019	27.8	2,600,760	2,277,453
2020	27.2	2,682,701	2,278,800
2021	27.5	2,996,494	2,471,089
2022	27.5	2,379,354	2,659,197
AVERAGE (2013-2022) 27.5%		GCP PER CAPITA Ksh. 596,467 GCP GROWTH RATE 2014-2019 – 5%	

Figure 2.6: Nairobi County GCP trend



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GCP AT CURRENT PRICES (MILLIONS)	1,328,511	1,508,534	1,733,377	1,913,903	2,136,097	2,263,505	2,600,760	2,682,701	2,996,494	2,379,354
GCP AT CONSTANT (2016) PRICES (MILLIONS)	1,612,572	1,707,029	1,817,432	1,912,001	2,020,743	2,138,027	2,277,453	2,278,800	2,471,089	2,659,197

27. The fate of Nairobi County's performance will play a significant influence on the country's general performance due to the fact that its singly the largest contributor to the country's economy and well-being. This calls for concerted effort together with the national government to ensure that Nairobi City County satisfactorily achieves its mandate. The untapped potential needs to be exploited, while the already performing sectors needs to be sustained.

CHAPTER THREE: REVIEW OF COUNTY ACHIEVEMENT AND POLICY STATEMENTS 2024/2025

3.1 Introduction

The 2024 Fiscal strategy paper depicts optimism triggered by a seemingly stabilizing economy, and a favorable weather that has positive projected productivity in the agriculture sector. It also seeks to aerate and bring to life the programme based budget for the FY 2024/2025, which will be the second budget for the CIDP 2023-2027. Implementation of the next budget will be in the midst of a positive economic performance with an economic growth of 5%.

3.2 Guiding Philosophy

The budget 2024/25 accelerates the gains accumulated in the first year of implementation of the third generation CIDP 2023-2027 and provides a nexus towards reaching the aspirations of order, dignity, hope and opportunities for all in Nairobi City County. The CFSP 2024 proposes targeted development in the midst of inadequacy of resources. The overall budget implementation will be guided by the three aspirations espoused in the CIDP 2023-2027. In the medium term, focus will be on continuation/completion of the ongoing programmes to ensure value for money in the invested public resources while at the same time meeting the County's development agenda

3.3 Review of County performance 2022/23 and Half Year 2023/24

This section provides a summary of County's achievements per sector for the financial year 2022/23 and half year 2023/24. This is key in informing the development path for the financial 2024/25, illuminating the service areas that need more focus in resource allocation

Health, Wellness and Nutrition

For the FY2022-23, the sector managed to reduce cases of HIV related Mortality and new infections by testing 687,911 persons from a baseline of 600,000 persons. In addition, it achieved increased promotion of wellness, mental wellbeing and prevention by established 1No. rehabilitation Centre which increased access of mental health services. The sector was able to reduce NCDs through enhanced screening of 210,000 No. of clients and putting on treatment 151,918 No. of clients. More so, TB success rate was increased to 85%. In the mid- year 2023/2024 the number of patients tested for HIV was 411925 out of a target of 871000 which was 47.29%. Procurement of malaria commodity was at 70% out of a target of 100%. Children who were immunized in the mid-year were 63292 out of a target of 124,895 which was 50.6%. Survivors accessing GBV services were 3474 out of a target of 5000 which translated to 69 %. In the mid –year, patients with mental health conditions accessing psychotropic were 32,366 out of a target of 2,500. In the mid-year there was one rehabilitation center which was established. In the mid-year those issued with food handlers certificate were 645,488 out of 700,000.

Further the sector managed to increase accessibility of medical services in the county facilities. This was attributed to the following;

a. Construction of medical block at Mama Lucy Kibaki Hospital(MLKH)- At 45% completion.
b. Construction of medical block at Kamiti health Centre- At 100% completion
c. Established an ICU and NICU at MLKH- 100% done
d. Construction of medical block for OPD, HDU &ICU at Mbagathi- At 15 % completion but stalled
e. Construction and equipping of lucky summer dispensary- AT 80% completion
f. Construction of OPD COMPLEX at Mutuini hospital- At 55% completion

Talent, Skills Development and Care

ECDE, Bursaries and Scholarship; For the year under review, the sector increased access and retention to quality ECDE through construction of 5No. of new ECDE centers and benefitting 107,000 No. of needy students with bursaries. No of learners receiving Capitation grants are 30,000. No of leaners benefitting from NCCG Scholarship & Bursary in the mid –year 2023/2024 are 39,000. In the mid-year 2023/2024 the number of teachers capacity built were 350 out of a target of 1050.The learners who were under digital learning program, were 300 out of a target of 35,000. Those learners who received capitation were 30,000 out of a target of 35,000.

Library Services; In 2023/24 library services recorded increased use of library services through automation of one library. The library has successfully acquired 2500 books during the period under review. These books are currently undergoing processing procedures in preparation for their integration into the library collection. The library conducted 4 outreach programmes targeting juniors in Makadara sub-county with the aim of inculcating a reading culture. This will ensure maximum utilization of library resources. Fibre connectivity and WI-FI activation has been done at McMillan Library.

Youth Affairs and Sports; By mid-2023/24 the youth sub sector organized for a 3-day Youth Fair at Aga Khan Walk which provided a platform for youth groups and youth organisations to showcase their products, creative works and talent. They also developed a Social reintegration plan for rehabilitating drug addicts. A consultative meeting was held on 13th July, 2023 with Stakeholders on Establishment of a Choice Innovation Hub. The sub sector also developed a Joint Action Plan on implementation of this project; Sensitized youth officers on Inclusion of Vulnerable groups (refugees) in programming on 3rd October 2023**;** held youth conversations (Balozi Mtaani) in 9 sub-counties which offered an opportunity for youth and security officers to engage on issues of concern.

The Sub sector held a 3-day Youth Fair at Aga Khan Walk which provided a platform for youth groups and youth organisations to showcase their products, creative works and talent. It also held stakeholders meeting on **26th November 2023** regarding Nairobi County Refugee Integration and Community Building Strategy. Organized a Youth Symposium held on **14th July 2023** to commemorate World Youth Skills Day at Kariobangi where over 500 youth participation. The sector further showed increased sporting activities by establishing 2 no. sport complexes, 5no. basket courts and equipped 13 no. teams with sporting kits.

Vocation and Technical Training; Five VTCs were integrated to e-learning and 150 trainees were supported with scholarships, grants and bursaries. Eleven VTCs are incorporating Special need programs.

Social Services; In the mid-year 2023/2024 social services provided care and protection for 93 street children who were vulnerable, reintegrated 73 children back to their families, conducted seven forums for child protection awareness and gave care for 153 aged and elderly persons in mji wa huruma.

Talent Development; The talent development created a conducive environment for leisure, talent development and Sporting activities through recreation of 4 festivals. In the half year 2023/24, the sector held a Recreation/talent event dubbed "TOKEZEA" on 17th Nov. 2023 at Jericho community centre (diverse talents were showcased – 520 participants attended. A PRE-CHRISTMAS EDITION Creatives Festivals was held on 22/12/2023 at Kayole II Social Hall in collaboration with Kayole youths. This attracted over 150 youth who showcased their talents while ensuring edutainment in the community with the help of stakeholders and organized an overnight event dubbed "KONA FEST TALENT SHOW" at Kaloleni Social Hall on 15/12/2023. The area Member of Parliament (Makadara constituency) sponsored this event which attracted over 200 youth and community members. During Christmas festivities, the sector organized a Charitable activity titled KRISI NA STREET FAMILY in Collaboration with INFO MATRIX Production Group on 25/12/2023 at Kayole II Social Hall to share with the disadvantaged members of the society during Christmas time.

Green Nairobi

Environment: In regard to key outcomes, the sector achieved the following; Increased daily solid waste collection from 2500 tonnes to 3200 tonnes, Improved aesthetic value of environment by planting 570,000 trees, maintenance of 5 parks and establishment of 1 plant nursery, Increased water supply by drilling 10 boreholes in different wards, Improved sanitation through construction of 4 ablution blocks and extension of Kawangware sewer (at 80 % completion). Improved environmental conservation was achieved by greening Nairobi through planting of 164,450 trees. In the mid-year 2023/2024 the environment department was able to maintain all the 5 parks, improved 20 out 53 targeted landscape spaces, roundabouts median and frontages and held 8 sensitization forums on solid waste management.

Water and Sanitation; 1000 cubic meters of water was supplied daily in informal settlement by water bowsers.

Food, Agriculture, Veterinary and Natural Resources; In regard to key outcomes, the sector achieved the following; Increased agricultural food and nutrition: this was achieved increased extension services to farmers where 12,809 no. of farmers were reached and trained. This was also attributed to establishment of 6No. of greenhouses in various schools in the county.

Reduced incidences of animal diseases and pests by vaccinating 2,370 no. of animals. The department also managed to grow 80,933 out of one million trees. In the mid-year 2023/2024 the veterinary services sub-program vaccinated 269 animals out of the 1500 target. The too managed to license 16.9% of the targeted dogs and certified 16 out of 500 meat carriers. The fisheries sub-program managed to do inspection 498 out of 900 fish premises. The department also was able to map 12 out of the 16 retail food markets. In the mid-year 2023/2024 the climate change unit mapped one green asset for carbon credit.

Climate Change; The sector mapped one green asset for carbon credit and they also established and maintained city wide Air quality monitoring & management network at 100%

Business & Hustler Opportunities

For the year under review, the sector recorded enhanced business investment through provision of conducive trading spaces. This was achieved through the following;

- Rehabilitation of a number of markets for example Makina market
- Construction of canopy at Muthurwa market (At 80% completion)
- Construction of markets sheds for informal traders (At 80% completion) among other projects

Built Environment and Urban Planning

For the year 2022-23 the sector increased access to decent and affordable housing in the city. This was attributed to urban renewal program where 1562 units were developed at Pangani and more 1802 units developed at Jeevanjee. In addition, 1962 housing units were renovated at Huruma, Uhuru, Outering road and Harambee estates (At 81% completion).

Innovation & Digital Economy

For the year under review the sector was able to improve ICT infrastructure connectivity through installation of structured cabling and fiber connectivity in 17No. sites and procured ERP system though faced with legal cases. Further the sector increased ICT literacy among staff by training 800 No. of staff and created 1No. of E learning Centre and information hub. During the mid-year 2023/2024 two policies were drafted and presented in the cabinet for approval. Activation of LAN elements done at 50%. The sector also managed to connect 150 mbps internet band width, Seven IP handsets were installed at customer service center.

Disaster Management and Coordination.

For the financial year 2022-23, the sector did not achieve much in terms of key outcomes. However, it managed to reduce the response time from 10 minutes in a radius of 15kms to 9 minutes. In the mid-year 2023/2024 the sector was able to reduce response time from 8minutes to 7 minutes within a radius of 15km.Ambulance response time also reduced from 20 minutes to 15 minutes within a radius of 15km.The sector also established and operationalized disaster management centers at 17 sub counties.

Security and Compliance

For the financial year under review the sector enhanced enforcement and compliance with county law through implantation of the following activities; Purchased 2000No of uniforms for enforcement officers. Completed 97 No. of cases. Submitted 12No. monthly crime reports .38No actionable Intelligence collected. Devolved 45No of Investigation Officers to Sub-Counties.

Audit Services

In terms of key outcome, the sector improved risk management and quality assurance through production of 11no. of audit assessment reports and conduction of 11 no. of audit reviews. In the mid-year 2023/2024 the department managed to formulate 11 risk assessment reports out of a target of 15. One audit report was also formulated.

County Public Service Board

For the period under review the board was able to promote a motivated workforce by promoting 1,411 No. of staff, confirming 1762 No. of staff and recruiting additional 369 No. of staff. In the mid –year 2023/2024 the board was able to promote 2351 staffs out of a target of 4702.Staffs re-designated and promoted were 40 which was 50% of the target. Proportion of staffs confirmed were 20% of the target of the year. The board recruited 2861 staffs which was 40% of the annual target. The board handled 50% of the disciplinary cases and conducted 3 trainings.

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Ward Development Programme

For the financial year 2022-23 the WDP worked towards ensuring equity in distribution of development projects across all wards in the areas of improve road connectivity, improved Safety and Security, maintained institutional facilities and improved water supply and sanitation. This was achieved through drilling of 2no. boreholes, construction of 3no. ECDE classes, construction of 2no. trading kiosks, construction of 2no. social halls, installation of 2 no. street lights and high mast and construction of 2.9Kms of road network. In the mid –year 2023/2024 there were rehabilitation of roads done. Out of 39,000 meters, 20000 meters were completed. Foot bridges at Kabete Mwimuto in Kitsuru ward are ongoing, box culvert at Toughgone in Makina ward ongoing, box culvert in Maji mazuri in clay city ongoing and box culvert in Jua kali area Dandora III ward complete. There also two ongoing constructions of ECDE, namely Komarock primary and Kayole primary.

Inclusivity, Public Participation & Customer Service

Enhanced city culture and arts: this was achieved through holding of 6No. cultural festivals meant to empower and promote city culture. Further 1No. of cultural exhibition was organized to show case diversity of cultures in the city.

Enhanced tourism development: this was achieved through implantation of the following activities; developed 1no. policy, celebrated 1No. world tourism week and developed 1No. tourism database.

Boroughs and Sub County Administration and Public Service

During the mid-year 2023/2024 one legal framework for the formation of boroughs was developed. Seventeen public participation forums were held and 6 vehicles procured. Working environment for the staff was improved by renovating offices at city hall annex, constructed office in Makadara and installed containerized office at south B.

Personnel; In the mid-year 2023/2024 6 the monthly payroll reports were prepared out of a target of 12. There were 321 forms issued out of a target 510 to facilitate the payment of pension benefits. The department updated skills inventory 457 out of 3500 target for the financial year. The PSM reviewed and implemented 70% of service charter;

Sub County Administration; Enhanced public engagement for increased accountability and good governance principles. This was achieved through conducting 6 public engagement forums for various county processes. Increased customer satisfaction through operationalization of 17No. of customer service stations

County Secretary & Head of County Public Service.

County Administration; To improve service delivery county administration procured 3 computers,6 phones, 4 internet routers and one generator. Refurbishment of City hall annex Phase Refurbishment of

Liason and Service Delivery offices on 1st floor Main City Hall and partitioning of Pension Tower Offices.

Monitoring & Evaluation; To inculcate a culture of integrity, transparency and accountability 2 codes of conduct were developed. To establish an effective and efficient monitoring and evaluation system that supports service delivery, 26 reports were developed. To establish an effective and efficient monitoring system that supports service delivery ,350 number of complaints were handled. To institutionalize Result-Based Management, 2 RRI waves were conducted.

3.4 Policy statements towards the 2024/2025 budget

In line with chapter twelve of the Constitution of Kenya and the Public Finance Management Act 2012, the Government is committed to ensure sound long-term financial principles are upheld. This can only be achieved by the county treasury enforcing the fiscal responsibility principles as Stipulated in section 107 of the PFMA. The county treasury, through exercising its powers as per section 105 of the PFM act, and to meet its obligations provided by section 104 of the PFMA, will ensure;

Expenditure Management: 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 synchronize quarterly cash flow projections with sector commitments. This will be achieved by issuance of quarterly expenditure circulars. This will ensure that the county expenditure is in tandem with the cash flow.

Procurement; The government is committed to ensuring prudent application of public resources for maximum returns to the public. In this regard, ongoing reforms in public procurement will be accelerated in 2024/25 to guarantee value for money in each expenditure. Implementation of e-procurement will be continued, while development of the procurement plan will be synchronized with the budget cycle to avert delays in implementation of the approved budget. This will be accompanied with a quarterly requisition to avoid a fourth quarter procurement rush. Capacity building of accounting officers, county leadership and all procurement officers on the implementation of the public procurement and asset disposal regulations 2020 will be continued.

Strengthening internal financial controls: In the medium term, the county treasury will strengthen internal financial controls in an effort to ensure sanity in appropriation of funds. It's the desire of the government to attain an unqualified audit opinion in the medium term. This will be pursued by strengthening the processes for examination and validation of documents, strict adherence to procurement laws, proper management of imprests and timely bank reconciliations and financial statements.

Management of county Wage bill; Section 25 (1-b) of the Public Finance Management (County Government) Regulations, 2015 stipulates that wages and benefits for public officers should not exceed 35% of Total revenue. Attaining this target has remained elusive for the county, becoming more farfetched with time. To avert this, sectors will be required to seek an approval from the county treasury before requesting for recruitment. Recommendations to manage the wage bill in chapter five of this paper will also be implemented.

Public Investment management: The county has perennially fell short in implementation of development projects. This has been diagnosed to stem from poor conceptualization of projects, exacerbated by poor financing and payment to contractors. In the medium term, the economic planning department will entrench Public Investment Management (PIM) process in all sectors and continue the sector-wide capacity development on project design, planning and management. This will ensure that only projects with the highest propensity to address priority socio-economic concerns are funded. Project pre-feasibility and feasibility, Monitoring and evaluation will become the game changer in project completion and absorption of development fund.

Management of county debt; There has been a rapid and persistent increase of the county debt. Resolution of this debt remains a key priority to keep the county afloat. The county treasury intends to halt debt growth in the FY 2024/25 through full implementation of the debt management strategy. To reduce the accumulation of interest and penalties, the county will ensure timely remittance of statutory deductions.

Resource mobilization (Own Source Revenue)

Challenges continue to hamper full realization of own source revenue targets towards financing the budget. Historically, the fiscal gap has been wide and even worsening with time. The best performance was recorded in 2015/2016 with an OSR of 12.17 B, a 77% achievement of the said year’s target, and the worst being 2019/2020 with a collection of 8.4 B.

The Finance Act: The finance act introduces new charges that seeks to finance the respective budget. The finance bill is therefore a requisite tool for implementation of the budget given that Nairobi County’s budget is balanced and must be financed fully from OSR and Equitable share. Timely adoption of the finance bill is key to allow for timely implementation. Towards this, the process of formulation and adoption of the finance bill will be synchronized with the budget cycle. This will ensure the finance act is enforced concurrently with the appropriation act.

Revenue Database: A clear database of revenue payers and the respective amounts is the key towards proper revenue forecasting and enforcement of revenue collection. Towards this, data collection and data cleaning will be pursued as strategies for better revenue management.

Untapped revenue potential: The government will continue to pursue expansion of the revenue basket by reaching the segments that have not been targeted before. The robust tourism industry has continued to operate beyond the span of our revenue net. To provide an opportunity for all traders to fulfil their civic duty, provision of TOL's will be improved to bring on board businesses that operate on temporary structures that can't be issued a trade license. Better strategies to ensure the continuity of payment from this segment of traders needs to be laid down, albeit with a caveat that them paying does not legalize their occupancy of the space.

Revenue mobilization campaigns: To ensure the public understands its civic duty in the county revenue raising process, extensive civic education campaigns will be conducted at all levels. This will make members of the public appreciate why they have to pay, and also know what to pay for, how to pay, when to pay, and the consequences for their failure to pay. Revenue officers will also be regularly capacity built to ensure they are up to speed to the revenue changes.

Streamlining collection and reporting of public health facility improvement financing; Implementation of the FIF act will be done with an aim of streamlining collection and reporting in health facilities

External resource mobilization & alternative financing mechanisms

Overreliance on OSR and Equitable share has tethered the County to a cyclical trap of underfunding and under-achievement from the onset of County government. A radical shift in sourcing for budget financing options will unclog this challenge and channel the county towards an enhanced fiscal space.

In the medium term, the key streams for generating additional resources to complement Own Source Revenue include Green Bond Issue, Public Private Partnerships and Grants. The three streams present a formidable opportunity which when harnessed has the potential for significantly bankrolling the County's flagship capital intensive programmes and facilitating the delivery of high-quality services across the sectors.

Green Bond; It is a debt instrument, which can be issued by entities such as corporate, parastatals, governments and quasi-governments. Green Bonds are regular bonds with one distinguishing feature: the proceeds are allocated exclusively for projects with environmental benefits (understood to be intrinsically coupled with social co-benefits). Nairobi City County has been rated "Bbb Ken" by Rating Agency Augusto & Co following an elaborate assessment of the County's potential to issue a green bond. The assessment covered four aspects namely: economic & fiscal conditions, credit risk, Green Asset base and Green Finance capability. This rating reflects a county with a satisfactory financial condition and adequate capacity to meet obligations as and when they fall due relative to other issuers in the country.

Public Private Partnerships; It means a contractual arrangement between a contracting authority and a private party under which a private party[1]:-

a. Undertakes to perform a public function or provide a service on behalf of a contracting authority

b. Receives a benefit for performing a public function by way of-

    i. Compensation from a public fund

    ii. Charges or fees collected by the private party from users or consumers of a public service to them or

    iii. A combination of such compensation and such charges or fees.

c. Is generally liable for risks arising from the performance of the function in accordance with the terms of the project agreement.

d. Transfers the facility to the contracting authority.

The County Government will work with the National Treasury's PPP Directorate in order to enhance the County governments capacity to leverage on PPP's including a review of the PPP legal framework to ensure that projects to be delivered as PPPs are affordable and fiscally sustainable. Additionally, all candidate projects that are to be financed through the private sector, in whole or part, will also be assessed through the PPP Directorate and any GSM application will be assessed in line with the GSM Policy.

Grants and Donations; States and sub national governments continue to partner towards creating synergy for socio-economic prosperity through official development Assistance, donations and grants. Equally important is the offer of technical assistance, capacity development and knowledge transfer across states and sub national entities. The county will continue to place itself as a favorable candidate to benefit from conditional and unconditional grants as well as technical assistance. The county treasury will meet its obligation to avail counterpart funding in order to benefit from all grants

[1] Public Partnerships Act,No. 14 of 2021.

CHAPTER FOUR: RESOURCE AND EXPENDITURE FRAMEWORK 2024/25 -2026/27

4.0 Introduction

This chapter outlines the County's guiding policy on expenditure, the resource envelope, expenditure and revenue projections. It also outlines the broad development priorities as well as specific strategies that the sectors will be pursuing for the Fiscal 2024/25 and over the medium term.

4.1 REVENUE PERFOMANCE 2022/23-2023/24 (Mid)

4.1.1. Revenue performance FY 2022/23

The key County revenue sources for the year under review were equitable share and own source revenue (OSR). By the end of the financial year 2022/2023, the total revenue including equitable share, conditional grants and own source revenues amounted to Ksh.32.06 Billion against revised target of Ksh. 39.61 Billion. Total collections from own source revenues amounted to Ksh10.5 Billion against a target of Ksh 19.02 Billion. This represents an overall shortfall of Ksh. 8.5 Billion on own source revenues. Total receipts from national government amounted to Ksh 20.30 Billion against a revised target of Ksh 20.59 Billion, representing a shortfall of Ksh.278 Million.

Table 4.1: Nairobi County Government FY 2022/2023 Revenues (Ksh. 'Millions')

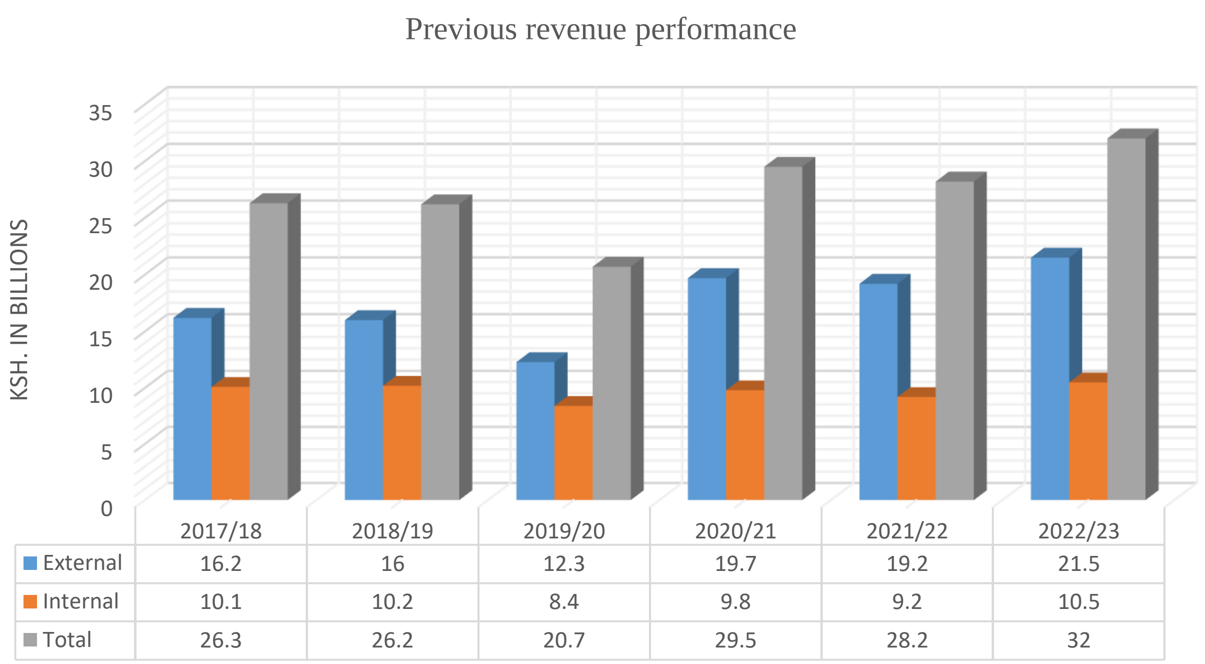
Revenues Item	FY 2022/2023			
	Revised Target('M')	Actuals('M')	Deviation('M')	% Performance
Equitable Share	19,24	19,24	0	100
Equitable Share FY 2019/2020-Unremitted				
DANIDA -Grant for Universal Healthcare in Devolved Governments	51	0	(51)	0
World Bank -Kenya Informal Settlement Improvement Project II	100	100	0	100
World Bank-to Finance Locally Led Climate Action Plans (FFLoCA)	22	0	(22)	0
Sweden-Agricultural Sector Dev't Support Programme II	36	31.5	(4.5)	86
Road Maintenance Levy	1,127	927	(200)	
OWN SOURCE REVENUE (OSR)	19,027	10,478	(8,549)	55
TOTAL REVENUE	**39,613**	**32,060**	**7,554**	**80.9**

Source: County Treasury

4.1.2. Previous revenue performance (both OSR and external revenue)

The total cumulative revenues amounted to Ksh. 32.1 Billion against a target of Ksh. 39.6 B in FY 2022/23. Over the years, the revenue performance has been far below the annual target(Fig4.2). This have affected budget implementation and fiscal distress.

Fig. 4.2: Previous revenue performance for FY 2017/18-2022/23



Source: County Treasury

Own Source Revenues

By the end of June 2023 total cumulative internal revenues amounted to Ksh. 10.56Billion against a target of Ksh. 17.75 Billion Billion. This represented a revenue performance of 59.5% of the revised target. The underperformance mainly affected the key revenue streams namely Rates, Single Business Permits, Parking Fees and Billboards that make up the major internal sources contributing the major component of the internal revenue.

Table 4.2: Own source revenue performance for FY 2022/23

REVENUE STREAM		2021/2022 Actuals	FY 2022/2023				% Performance on target FY2022/23
			Actual	Target	Deviation from Target	Growth	
1	Rates	2,489,096,387	2,866,395,246	5,102,177,321	2,235,782,075	377,298,859	56.2
2	Parking Fees	1,878,217,887	1,861,601,275	3,025,000,001	1,163,398,726	(16,616,612)	61.5

REVENUE STREAM		2021/2022 Actuals	FY 2022/2023				% Performance on target FY2022/23
			Actual	Target	Deviation from Target	Growth	
3	Single Business Permits	1,370,382,679	1,633,513,224	3,000,000,000	1,366,486,776	263,130,545	54.5
4	Building Permits	591,463,190	963,349,767	1,750,000,000	786,650,233	371,886,577	55.0
5	Advertisements and Billboards	926,288,774	593,283,759	1,200,000,000	606,716,241	(333,005,015)	49.4
6	Housing Rents	441,822,949	450,419,350	600,000,000	149,580,650	8,596,401	75.1
7	Markets	355,424,682	250,509,468	538,770,000	288,260,532	(104,915,214)	46.5
8	Fire Certificates	191,497,874	202,611,108	450,000,000	247,388,892	11,113,234	45.0
9	Food Handlers Certificates	118,419,155	132,717,178	250,000,000	117,282,822	14,298,023	53.1
10	Other Incomes	611,326,315	1,368,882,315	1,589,064,347	220,182,032	757,556,000	86.1
11	Liquor Fees	262,645,129	238,309,894	250,000,000	11,690,106	(24,335,235)	95.3
	Total	**9,236,585,021**	**10,561,592,584**	**17,755,011,669**	**7,193,419,085**	**1,325,007,563**	59.5

Rates

Total accumulated collections from Land Rates in FY 2022/2023 was Ksh. 2.87 Billion against a target of Ksh. 5.10 Billion (**56.2 % performance of the target**). The deviation from target is largely as a result of failure to fully implement the new valuation roll following objections by some property owners However rates recorded a growth of Ksh 377 Million from the previous FY 2021/22.

The underperformance in rate collection is attributed to inconsistent property valuation system, incomplete property ownership records, system failure which lead to non- posting of RTGs payments and slow implementation of user requirement. Going forward the county plan to integrate the valuation roll to GIS, fast track the posting module, carry out comprehensive data migration to NRS and transfer county rate services to sub counties.

Parking Fees

The total cumulative receipts from Parking fees amounted to Ksh. 1.86 Billion against a target of Ksh. 3.02 Billion (**61.5% performance of the target),** therefore recording a deviation from target of Ksh. 1.16 Billion**.** The underperformance is attributed to; system challenges (down time); centralization of parking in limited areas; matatus terminus eating into parking areas; use of outdated query gadget; shortage of enforcement and compliance team among other challenges. The stream recorded a slight fall in growth of about 16 Million compared to previous FY 2021/2022.

In order to optimize revenues from parking fees, the County will target to ensure full compliance, procure towing and recovery trucks and ensure strict adherence to the law governing Matatu Saccos and Regulations among other strategies.

Single Business Permits

Total collections from Single Business Permits in FY 2022/2023 amounted to Ksh. 1.63 Billion against a target of Ksh. 3 Billion (**performance of 54.5% of the target).** The shortfall from the target was due to: migration of Data to Nairobi Revenue Collection System registering fewer clients than in the previous system, closure of LAIFOMS system which had primary data, system failure to produce receipts and permits for customers, inability of the system to bill all customers and inaccurate data for the Enforcement team. Over the medium term County intend to reverse the poor performance by engaging the development team to improve the system related issues, automating all the processes, cascade the inspections and enforcement in all Sub Counties, continuously update the Business Permit data and widen the database of licensed businesses.

Building Permit

Total collections in the FY 2022/2023 amounted to Ksh. 963 Million against a target of Ksh.1.75 Billion (**55 % performance of the target**). Though the stream underperformed it recorded a growth of about 372Million compared to the actuals of 2021/22. The deviation from the target was attributed by: Delays in approvals of Building plans due to system related issues whereby all payment via RTGS and EFT were not automatically posted in the system.

In order to enhance revenue from this stream, the County has engaged the system developer to map all payments automatically.

Advertisements & Bill Boards

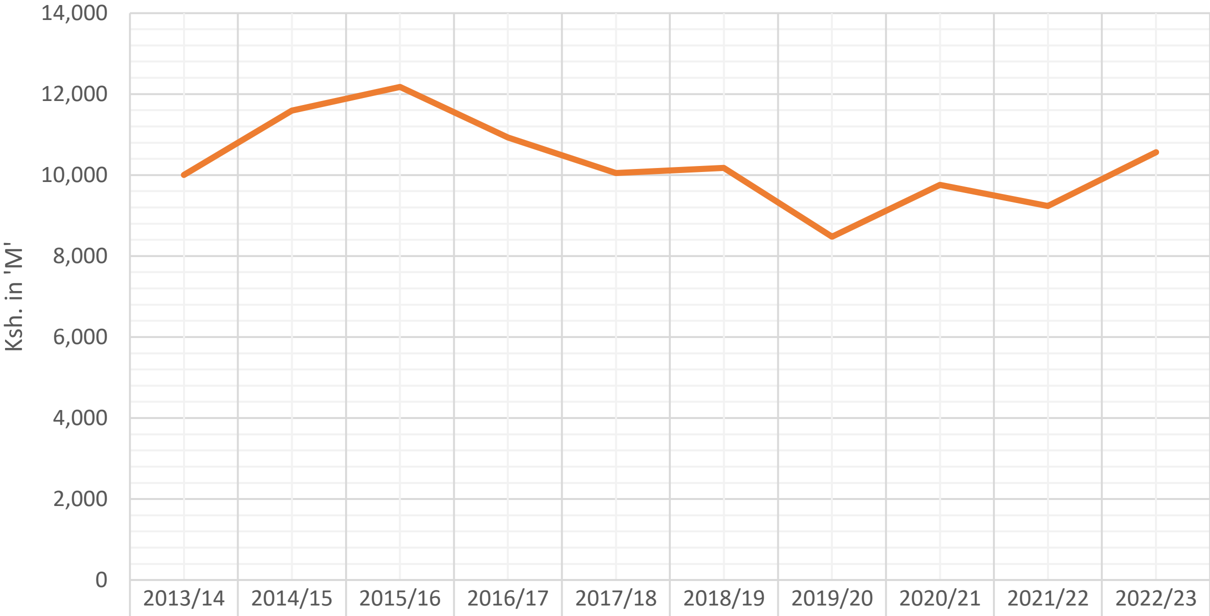
The total accumulated revenues for billboards and advertisements in respect to FY 2021/2022 was Ksh. 593 Million against a target of Ksh.1.2 Billion (**49.4 % performance of the target).** However, this stream recorded a shortfall of about 333Million compared the actuals in FY2021/22. The non-achievement of targets was caused by lack of appropriate and adequate equipment for monitoring and enforcement operations, and wrong coding of advertisement revenues to plan approval. In order to enhance revenues in this area the County will decentralise small format advertisement revenue management to the sub counties.

Other Strategies towards revenue mobilization in FY 2023/2024 & the medium term

- Establish digital linkage between land office property records and Nairobi County valuation record.
- Invest in technology for automated and efficient tax collection.
- Conduct regular awareness campaigns to educate taxpayers about their obligations.

- Encourage formalization of businesses through incentives and simplified registration processes.
- Strengthen and update regulatory frameworks to plug loopholes and enhance compliance.
- Invest in data analytics for better decision-making and revenue forecasting. (Carry out data cleansing, migration)
- Diversify revenue sources to reduce dependence on specific sectors. (more streams included in the finance Bill)
- Introduce rewards or discounts for compliant taxpayers to encourage adherence.
- Update and digitize property ownership records for accurate tax assessments.
- Enhance enforcement mechanisms across all revenue streams
- Revenue administration reforms to enhance accountability of the revenue function
- Sensitize the public on online registration and payment of County Fees and charges and the consequences of non-payment.

Figure 4.3: Actual own source revenue from 2013/2014-2022/2023

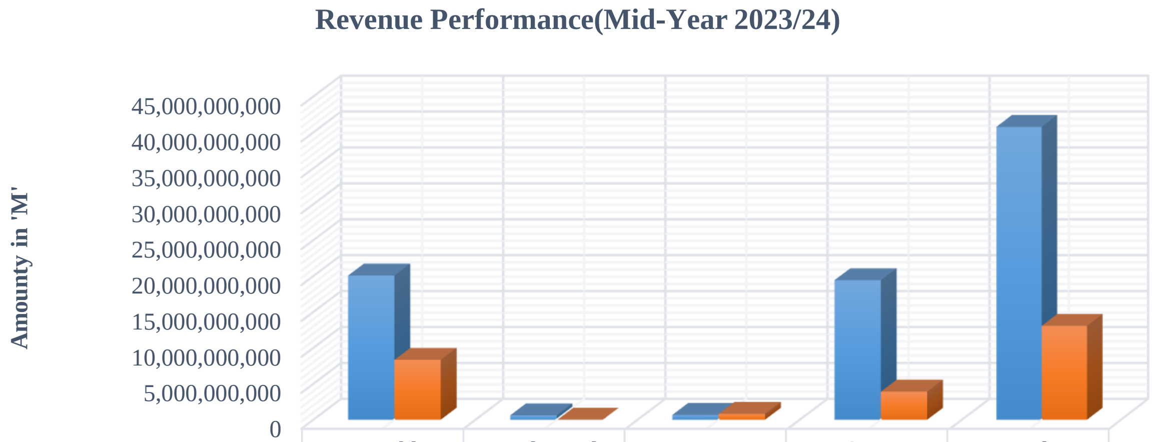


	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Kshs	10,004	11,587	12,173	10,930	10,053	10,174	8,476	9,756	9,236	10,562

4.1.3. MID-YEAR REVENUE PERFORMANCE FOR FY 2023/24

By end of 31st December 2023 total accumulated revenues including national government transfers amounted to Ksh. 13.1Billion against an annual target of Ksh. 40.8 Billion (**Fig. 4.4)**. Ordinary revenues amounted to Ksh. 3.9billon against an annual target of Ksh. 19.4Billion while external revenue amounted to Ksh. 9.2 Billion.

Figure 4.4: Total Revenue (Millions) Performance as at 31st December 2023



	Equitable share	conditional grants	RMF	Own source revenue	Totals
Approved Annual budget	20,072,059,113	606,556,020	667,491,357	19,420,072,415	40,766,178,905
Actuals	8,329,904,533	3,000,000	818,197,395	3,908,976,333	13,060,078,261

External Revenues

By the end of 31st December 2023 a total of Ksh. 9,151,101,928 were receipts from the National government and other agencies. This amount includes receipts from National Treasury as equitable share of Ksh. 8,329,904,533, Kenya Roads Board (Fuel levy funds) of Ksh. 818,197,395 and Ksh. 3,000,000 for conditional grant (Sweden-Agricultural Sector Dev't Support Programme II).

Figure 4.5: External Transfers (Millions) as at 31st December 2023

	Equitable Share	WORLD BANK-THS	DANIDA-UHC	ASDSPI I	RMF	WORLD BANK-KISIP II	World Bank-(FFLoCA)	TOTALS
Approved Budget	20,072,059	87,492,017	29,048,250	5,507,770	667,491,35	550,000,00	22,000,000	20,536,082
Half Year Actuals	8,329,904,	0	0	3,000,000	818,197,39	0	0	9,151,101,

Source: County Treasury

Own Source Revenues

By end of 31st December 2023 total own source revenues amounted to Ksh. 3.9 Billion against the Mid-year target of Ksh. 7.1 Billion representing a performance of 55 % of the Mid -year target. The 2023/24 mid- year revenue collection recorded a growth of Ksh. 1.2 Billion compared FY 2022/23(Mid) collection of Ksh.2.7 Billion.

Table 4.3: Own Sources Revenue as at 31st December 2023

ITEM	Approved Mid-year Target	Quarter 1(Actuals)			Quarter 2(Actuals)			Mid- year Totals
		Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	
Land Rates	1,330,000,000	91,091,047	59,837,860	51,223,773	49,470,115	52,151,936	334,207,019	637,981,750
Parking fees	1,399,240,000	163,379,565	135,338,570	129,206,034	141,303,087	170,181,953	154,129,644	893,538,853
Single Business Permits	1,050,000,000	55,140,375	62,755,784	56,917,040	47,243,566	74,684,275	131,557,845	428,298,885
Plans and Inspections (Building Permits)	1,025,000,000	114,660,682	81,810,607	84,819,389	78,973,692	102,379,260	106,398,420	569,042,050
Billboards and advertisements	600,000,000	38,568,414	37,844,649	18,627,439	38,603,587	117,798,161	21,600,544	273,042,794
House and Stall Rent	300,000,000	33,757,541	40,389,575	42,300,325	37,430,854	38,042,692	41,521,221	233,442,208
Fire Inspection Certificates	136,500,000	6,677,500	6,041,987	4,860,500	3,296,900	4,096,000	13,522,350	38,495,237
Food Handlers Certificates	150,000,000	6,685,900	9,116,715	9,246,697	10,319,535	8,383,750	8,359,500	52,112,097
Markets	280,000,000	18,939,992	21,074,785	20,108,790	19,907,215	19,871,800	23,945,787	123,848,369
Other Incomes	851,036,208	117,309,734	153,608,797	107,785,782	105,550,707	77,374,346	97,544,724	659,174,090
TOTAL (OSR)	**7,121,776,208**	**646,210,750**	**607,819,330**	**525,095,769**	**532,099,258**	**664,964,173**	**932,787,054**	**3,908,976,333**

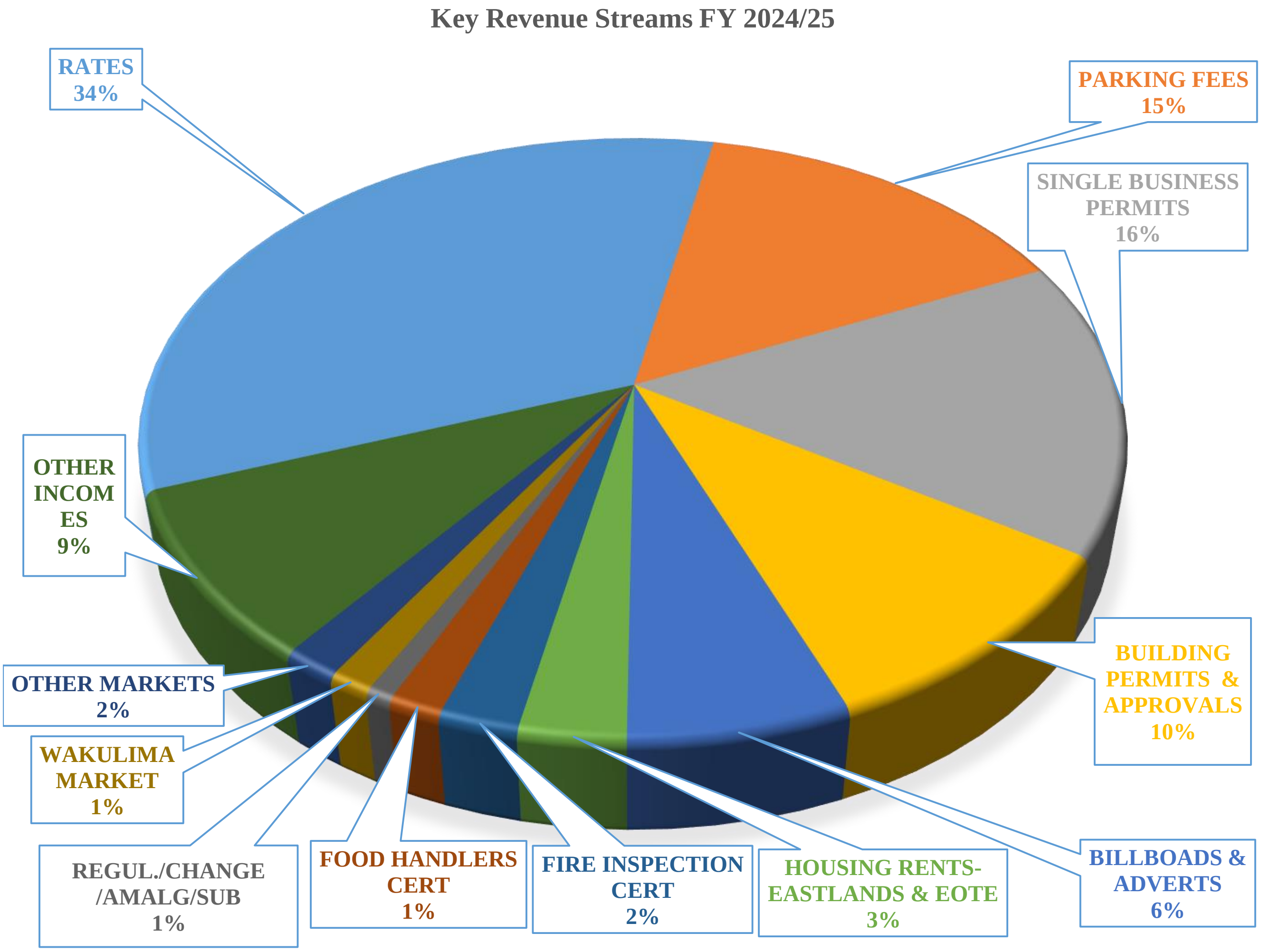
Source: County Treasury

4.2 REVENUE OUTLOOK OVER THE MEDIUM TERM (Revenue components)

4.2.1. Revenue composition

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. However, over the medium term, the county will employ aggressive revenue mobilization strategies for internal revenue and through alternative financing options. These include grants, donations, loans, public Private Partnerships, bonds and joint ventures. The key contributor for internal revenue will be rates (34%), parking fees, single business permits (16%), Parking fees (15%) building permits (10%) and billboards & Adverts (6%) respectively as shown in the figure 4.6.

Fig:4.6: Key Revenue Streams

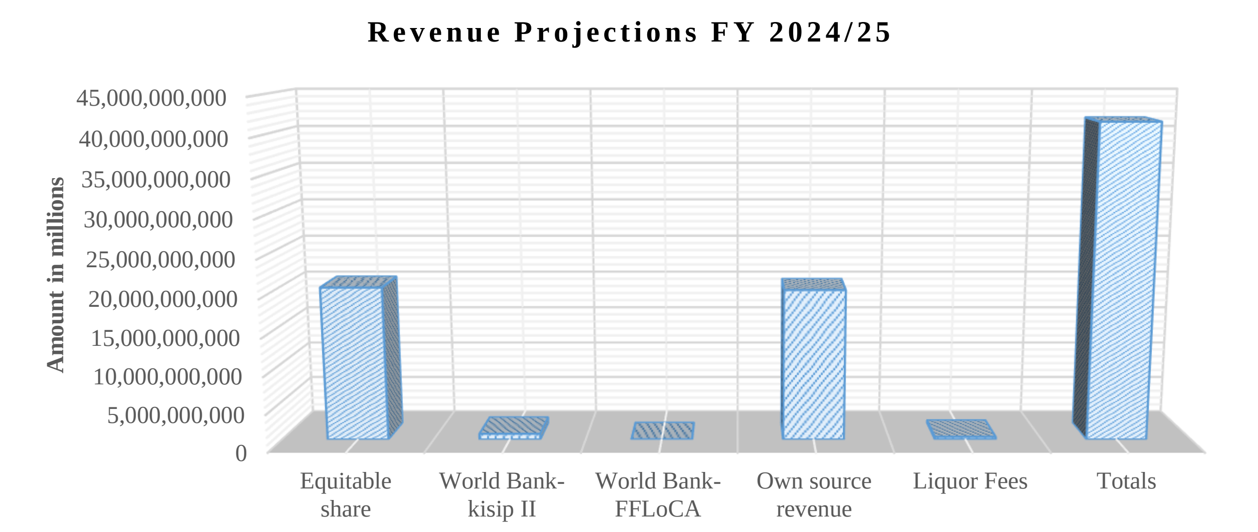


Source: County Treasury

4.2.2. Revenue Projections for FY 2024/25

The projected revenue for FY 2024/25 is Ksh. 41.57 B. It is projected that a total of Ksh. 20.06 Billion will be raised from own source revenue, Ksh. 351 million from liquor fees and Ksh. 21.16 Billion from external sources (Equitable share and other grants) - figure 4.7.

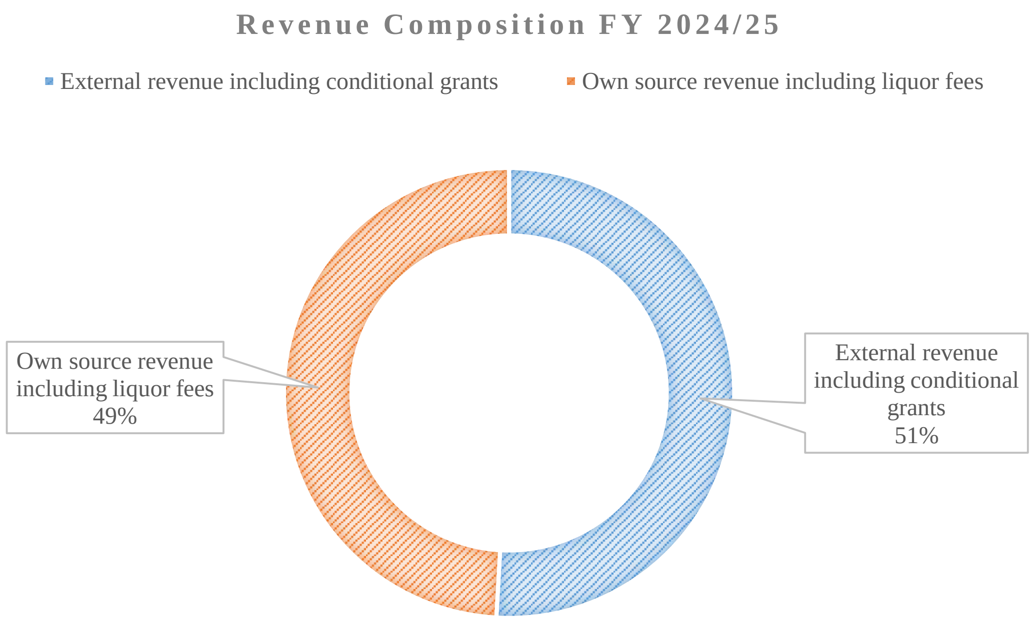
Figure 4.7: External VS. Own source revenue projections



	Equitable share	World Bank- kisip II	World Bank- FFLoCA	Own source revenue	Liquor Fees	Totals
Series1	20,375,544,797	770,000,000	11,000,000	20,060,926,033	351,000,000	41,568,470,830

Historically, the contribution of external revenue to the total revenue has predominantly higher than own source revenue. This is projected to persist in FY 2024/25. To meet the own source revenue targets, it will require robust revenue mobilization strategies to specific revenue streams. The own source revenue will constitute 49% of the total projections while external revenue will constitute 51% of the total revenue projections (Fig. 4.8).

Figure 4.8: Sources of Revenue for FY 2024/25



4.3 REVENUE RAISING MEASURES – OSR OVER THE MEDIUM TERM

For the fiscal year 2024/25 and over the medium-term, the projected own source revenue will be Ksh.20.06 Billion (**Table 4.4**) and liquor fees of Ksh 351 Million as AinA. The following revenue raising measures especially for the major revenue streams will be employed; as summarized below:

Table 4.4: Fiscal 2024/25 OSR projections by revenue stream

REVENUE BY STREAM	2024/2025 Projections
RATES	6,750,000,000
PARKING FEES	3,000,000,000
SINGLE BUSINESS PERMITS	3,200,000,000
BUILDING PERMITS & APPROVALS	2,000,000,000
BILLBOADS & ADVERTS	1,250,000,000
HOUSING RENTS-EASTLANDS & EOTE	600,000,000
FIRE INSPECTION CERT	450,000,000
FOOD HANDLERS CERT	300,000,000
REGUL./CHANGE /AMALG/SUB	150,000,000
WAKULIMA MARKET	240,000,000
OTHER MARKETS	320,000,000
OTHER INCOMES	1,800,926,033
TOTAL (OSR)	20,060,926,033
Liquor fees	351,000,000
Total internal revenue	20,411,926,033

4.3.1 Justification for the revenue targets for FY 2024/2025 and revenue raising measures

To collect the projected own sources revenue for the fiscal year 2024/25, the following revenue measures will be employed;

- End-to-end Automation of all revenue streams
- Full Implementation of Nairobi City County Revenue Authority (NCCRA)
- Full Rollout of Universal Business Permit (UBP)
- Devolve revenue collection to all sub Counties
- Formulate policies on pricing tariffs, waivers, UBP etc
- Have enforcement wing attached to the revenue office for compliance
- Expanding tax base through issuing and collecting more titles
- Stakeholder engagement, Civic education and public participation on self-billing and payments
- Implementation and enforcement of the finance bill.

The County Own Source Revenue target is tabled to the County Assembly by 30th April of every year and forms part of the financing of the budget estimates. The finance bill becomes the tool for raising the needed revenue by specifying amendments to existing revenue legislation by either varying existing charges or by introducing new levies.

The following assumptions and revenue-raising measures, especially for the major revenue streams informed the revenue targets for the FY 2024-2025:

Land Rates

The highest collection from this stream was KSh. 3.16 B realized in FY 2015/16. The medium term projections depict an increase in **KSh. 6.75 B** starting from the **FY 2024/2025**, from the latest collection of KSh. 2.86B achieved in FY 2022/2023. The projection will be achieved by:

- Continuous usage of the GIS-based valuation roll.
- Increase no of Rated Properties from 165,000 to 200,000 properties and capture into Nairobi Pay from new titles after the Government titling program.
- Devolve rates compliance and enforcement activities to Sub-County units.
- Conduct vigorous customer sensitization on registration and usage of the Nairobi Pay system on why, how, when and what to pay.
- Continuously push for improvement and efficiency of Nairobi Pay System functionalities.
- Follow up on Government debts through lobbying, negotiations and resolution through the provisions of the Inter-Governmental Relations Act, also through the COG.

- Follow up on all the other defaulters.
- Form a Revenue Task Force to enhance Revenue collection.
- Create Customer service centres at Sub –sub-county level.
- Develop an alternative dispute resolution policy(ADR)
- Provide adequate transport to field officers.
- Established a dedicated Debt Management Team through a call centre.

RATES			
Collection last year 2022/23; Ksh. 2.86 B			
	Projection	**Current Status**	**ADDITIONAL REVENUE**
New valuation	3,900,000,000	2,900,000,000	1,000,000,000
Titling programme (issue new title)	100,000	10,000	1,000,000,000
Principal rate arrears	17,000,000,000	20%	3,400,000,000
Government Debtors			2,800,000,000
Current collection			2,400,000,000
Total projection			**6,800,000,000**

Parking Fees

The highest collection from this stream was **KSh. 2.03B** realized in FY 2015/16. The medium term projections depict an Increase in KSh. 3 B starting from the FY 2024/25, from the latest collection of KSh. 1.861 B achieved in FY 2022/2023. The projection will be achieved by:

- Set the targets for all street, attendants and enforcers for all 12,000 parking slots
- Carry out continuous compliance checks.
- conduct enforcement through clamping and towing on notorious defaulters.
- Gazette more areas for Parking fee collection.
- Enhance supervision at off-street and Country bus and collect KSh. 43,200,000 and KSh. 36,000,000 respectively.
- Automate the collection at Sunken and country bus station.
- Collect KSh. 120,000,000 from private seasonal tickets from 3,000 motorists' monthly
- Ensure collection from 444 SACCOs and collect KSh. 1,260,000,000 from 40,000 public service vehicles at an average fee of 2,625 per month
- Target approximately 3,000 public service vehicles terminating outside CBD and collect KSh. 108,000,000 charged at an average lowered rate of KSh. 3,000

- Ensure collection from 1,000 loading zones (reserved parking bays) and collect KSh. 220,000,000
- Follow up on loading zones arrears for parking bays occupied by Government institutions.

PARKING				
COLLECTION LAST FY	**1,878,217,887**			
Projection		**Charges**	**Days**	**Amount**
ON-STREET	12,000 Slots	300	288	1,036.800,000
LOADING ZONES	1,000 Slots	250,000	1	250,000,000
SEASONAL PRIVATE	2,000 vehicles	5,000	12	120,000,000
SACCOS PSV	40,000 Matatus	2,625	12	1,260,000,000
PSV TERMINATING OUTSIDE CBD	5,000 Matatus	2,625	12	157,500,000
COUNTRY BUS	120,000 daily collection		365	43,800,000
OFFSTREET	180,000 Daily collection		288	51,840,000
Projected amount				**2,919,940,000**

Single Business Permits

The highest collection from this stream was KSh. 1.8 B realized in FY 2014/15. The medium term projections depict an Increase in KSh. 3 B starting from the FY 2023/24, from the latest collection of KSh. 1.633 B achieved in FY 2022/2023. The projection will be achieved by:

- Enhance inspection in all sub-counties to increase the number of businesses in our database from the current 188,000 to at least 300,000 in the County.
- Conduct Customer Registration while doing compliance Checks using Officers tablets.
- Continuous inspections and enforcement on defaulting clients.
- Continuous updating of the business register
- Enhance cashless payment system through Mobile Money, Banks.
- Customer segmentation.
- Carry out vigorous Customer sensitization on payments and self-service.
- Provide adequate transport to field officers.
- Enhance the Nairobi Pay System functionalities to address current and future gaps.

Outdoor Advertising and Billboards

The highest collection from this stream was KSh. 0.93 B realized in FY 2021/22. The medium-term projections depict an Increase in KSh. 1.25 B starting from the FY 2024/245 from the latest collection of KSh. 0.59 B achieved in FY 2022/2023. The projection will be achieved by:

- Enhance surveillance and monitor occupancy in 1000 billboard sites and 600 sky signs and bill/invoice KSh. 50,000,000 monthly
- Carry out a census on all small format adverts in all sub counties to capture data in our system.
- Digitalized the application, approval and payment processes
- Extract the defaulters list from the system and serve demand notices to all.
- Carry out enforcement on all defaulters upon expiry of the notices.
- Do customer segmentation per industry, and scale of operation (large, Medium and small).
- Devolve Small format advertising Management to the Sub Counties for better management.
- Provide adequate transport to field officers to execute their mandate.
- Do continuous capacity building on technical issues to Sub-County Revenue Officers.

BILLBOARDS & ADVERTS				
COLLECTION LAST FY	593,283,759			
	Numbers	**Amount**	**Months**	**Totals**
BILLBOARD SITE	1,080	60,000	12	777,600,000.00
SKY SIGNS	515	30,000	12	185,400,000.00
OCCUPIED UNCAPTURED BILLBOARDS	400	60,000	12	288,000,000.00
Total Projected				1,251,000,000.00

Building Permits and Approvals

The highest collection from this stream was KSh. 1.6 B (Including regularization) realized in FY 2014/15. The medium-term projections depict an Increase in KSh. 2.15 B (Including regularization) starting from the FY 2023/24, from the latest collection of KSh. 0.963 B achieved in FY 2022/2023. The projection will be achieved by:

- Ensuring prompt approval of all applications on the Nairobi Plan.
- Following up on all the bills/invoices issued for the approved applications
- Enhance surveillance in all sub-counties to confirm all ongoing developments have the County approvals
- Regularized all buildings without approvals in all the identified areas e.g. Pipeline, Dandora etc.

as per County Policy.

- Address all current and emerging Revenue Payment and approval system challenges.
- Build Capacity in terms of Technical Manpower, mobility and other resources necessary.

Markets, Health and Fire Certificates and Other revenue streams

The highest collection from these streams was KSh. 3.2B realized in FY 2015/16. The medium-term projections depict an Increase to KSh. 3.86B starting from the FY 2023/24, from the latest collection of KSh. 2.59 B achieved in FY 2022/2023. The projection will be achieved by:

- Provision of adequate resources for revenue mobilizations.
- Setting of targets for each revenue stream per sub county, ward, and individual collectors
- Enhanced supervision of collectors
- Continuous inspections to enhance compliance
- Continuous enforcement actions on defaulters
- Establish mobile Laboratories for industries and businesses for the health certifications process

4.4 BUDGET PERFOMANCE 2022-2023

4.4.1. Expenditure performance Review FY 2022/23

Total expenditures by commitments in financial year 2022/2023 amounted to Ksh. 30.709 Billion against a target of Ksh. 39.613 Billion. The under absorption was recorded in both recurrent and development expenditures. Out of the total expenditure, the development was Ksh. 4.610 Billion and the recurrent was Ksh. 26.09 Billion. This represent 86 percent and 50 percent absorption rate for development and recurrent expenditure respectively.

Table 4.6: Total Expenditure for FY 2022/2023

Description	**Approved**	**Revised**	**Actual**	**Deviation from target**	**% Absorption**
RECURRENT					
Transfer to County Assembly	1,624,288,302	2,275,288,302	1,728,651,942	-546,636,360	76
County Executive	20,590,493,988	23,337,442,637	19,614,259,763	3,723,182,874	84
NMS-Transferred Functions	5,236,639,977	4,557,232,909	4,557,232,909	0	100
Liquor Board	200,000,000	200,000,000	198,679,992	-1,320,008	99
Total Recurrent	27,651,422,267	30,369,963,848	26,098,824,606	-4,271,139,242	86
DEVELOPMENT					
Transfer to County Assembly	1,861,000,000	134,000,000	20,158,456	-113,841,544	15
County Executive	10,051,494,012	9,059,952,431	4,564,946,791	-4,495,005,641	50
NMS-Transferred Functions	0	0	0	0	
Liqour Board	50,000,000	50,000,000	25,352,963	-24,647,037	51
Total Development	**11,962,494,012**	**9,243,952,431**	**4,610,458,210**	**-4,633,494,222**	50
Total Expenditure	**39,613,916,279**	**39,613,916,279**	**30,709,282,815**	**-8,904,633,463**	78
% Devt Expenditure	**30**	**23**	**15**		64

Source: County Treasury

Expenditure by Sectors

Table 4.7: Expenditure by Sectors FY 2022/2023 (Ksh. M's)

Department	Recurrent			Development			Total		
	Actual	Target	Absorption	Actual	Target	Absorption	Actual	Target	Absorption
County Public Service Board	70,666,626	102,896,587	69	-	10,000,000	0	70,666,626	112,896,587	63
Office of Governor & Deputy Governor	5,540,489,618	5,618,282,177	99	147,970,150	273,032,010	54	5,688,459,768	5,891,314,187	97
ICT, E-Govt & Public Communications	109,091,223	155,826,482	70	1,045,815	316,402,000	0	110,137,038	472,228,482	23
Finance & Economic Planning	2,884,043,552	3,885,399,374	74	1,006,660,446	1,362,291,570	74	3,890,703,998	5,247,690,944	74
Health	4,241,936,639	5,456,303,329	78	122,553,094	512,303,363	24	4,364,489,733	5,968,606,692	73
Urban Planning and Lands	212,749,309	286,281,534	74	-	87,200,000	0	212,749,309	373,481,534	57
Public Works ,Transport & Infrastructure	795,161,362	936,483,271	85	1,421,634,427	2,461,689,726	58	2,216,795,789	3,398,172,997	65
Education, Youth Affairs, Sports, Culture & Social Services	2,126,694,943	2,335,794,273	91	113,791,660	610,685,243	19	2,240,486,602	2,946,479,516	76
Trade, Commerce, Tourism & Cooperatives	531,001,829	576,440,558	92	77,596,706	226,000,000	34	608,598,535	802,440,558	76
Public Service Management	1,897,011,796	2,013,816,996	94	-	14,600,000	0	1,897,011,796	2,028,416,996	94
Agriculture, Livestock Development, Fisheries & Forestry	212,467,048	238,426,989	89	-	9,000,000	0	212,467,048	247,426,989	86
County Assembly	1,728,651,942	2,275,288,302	76	20,158,456	134,000,000	15	1,748,810,398	2,409,288,302	73
Environment, Water, Energy & Natural Resources	906,810,703	1,620,747,124	56	265,012,653	1,274,498,519	21	1,171,823,357	2,895,245,643	40
Urban Renewal and Housing	9,418,833	17,476,156	54	67,035,403	209,750,000	32	76,454,236	227,226,156	34
Ward Development Programmes	76,716,282	93,267,787	82	1,341,646,437	1,692,500,000	79	1,418,362,718	1,785,767,787	79
Liqour Licensing Board	198,679,992	200,000,000	99	25,352,963	50,000,000	51	224,032,955	250,000,000	90
Nairobi Metropolitan Services	4,557,232,909	4,557,232,910	100	-	-		4,557,232,909	4,557,232,910	100
Total	26,098,824,606	30,369,963,849	86	4,610,458,210	9,243,952,431	50	30,709,282,816	39,613,916,280	78

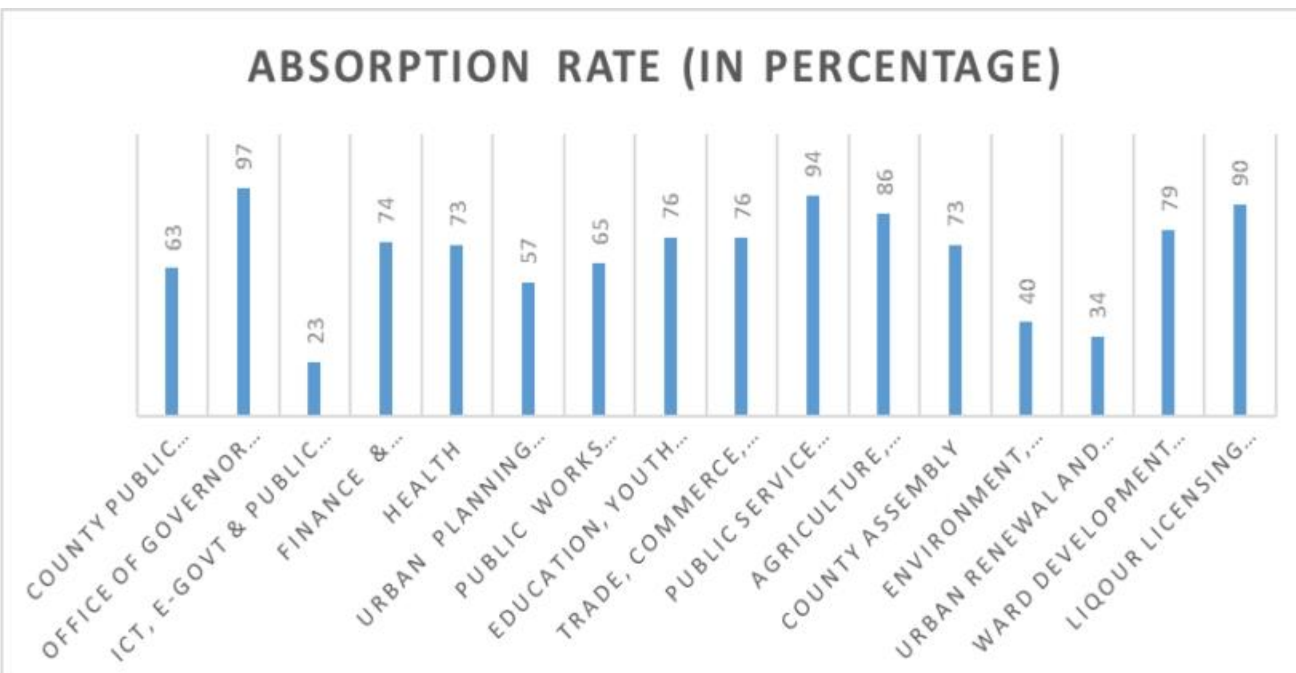
Source: County Treasury

Total expenditures by sectors amounted to Ksh.30.709 Billion against a target of Ksh.39.613 Billion (Or 32% deviation from the target. Development expenditure was the most affected across all sectors as reflected in the (**Table 4.7).** Office of Governor & Deputy Governor and liquor licensing board were the best consumers of recurrent budget while WDP was the best consumer of development budget for the financial year under review.

Budget absorption

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 most affected. Overall, the office of Governor & Deputy Governor had the highest budget absorption rate at 97 percent while ICT sector had the lowest budget absorption rate at 23 percent **(Fig.4.7).**

Fig 4.7: Budget Absorption by Sectors for FY 2022/23



Source: County Treasury

4.4.2. Expenditures by end of 2nd quarter 2023/24

Total expenditures including County Assembly for half year ended on 31st December 2023 amounted to Ksh. 20.601 Billion out of the total budget of 43.33 Billion. The overall absorption rate of the total budgeted was 49% of the total budget. Development expenditure amounted to Ksh. 4.583 million, representing 33 percent of the total development budget of Ksh. 14.014 million. The slow uptake of development funds is attributed to the delayed rolling of E-Procurement which largely affected procurement of development programmes. The uptake of development funds is expected to accelerate in the third and fourth quarter of the FY 2023/2024.

Table 4.8: Expenditure by classification

ITEM	Approved Budget	Half year	% Performance
EXPENDITURE			
RECURRENT			
Transfer to County Assembly	2,024,000,000	986,296,273	49
County Executive	26,071,027,352	14,929,251,939	57
Liquor Board	220,571,299	103,143,925	47
Recurrent	**28,315,598,651**	**16,018,692,137**	57
DEVELOPMENT			
Transfer to County Assembly	1,215,000,000	0	0
County Executive	12,729,652,484	4,579,633,792	36
Liquor Board	70,000,000	3,543,650	5
Development	**14,014,652,484**	**4,583,177,442**	33
Total Expenditure	**42,330,251,135**	**20,601,869,579**	49

Source: County Treasury

Measures to enhance absorption of budgeted funds in FY 2024/25

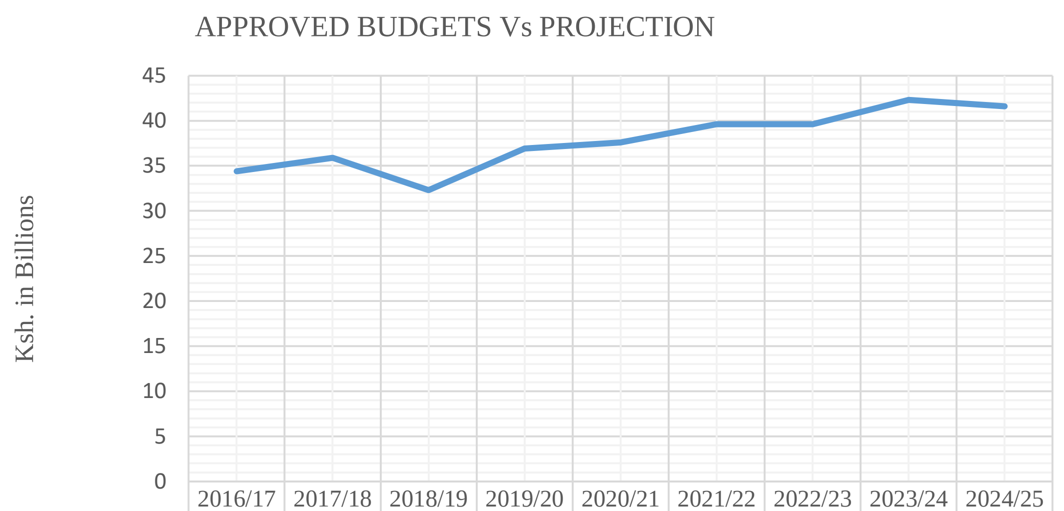
- Revenue enhancement drive to provide funds
- Enhance Monthly and quarterly reviews of programmes implementation by Sectors
- Entrench efficient and effective cash flow management practices.

- Promote fiscal discipline
- Full implementation of e- procurement
- Operationalize budget implementation committees to monitor implementation of sector budgets

4.4.3. Resource Envelope

The approved budget for the FY 2023/24 is Ksh. 42.3 B which is slightly higher than the previous approved budget. The projected budget for the FY 2024/25 will be Ksh.41.6 B a 0.02% decrease from the current year's approved budget (2023/24)

Figure 4.8: Previous approved budgets Vs 2024/25 projection



	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
APPROVED BUDGETS	34.4	35.9	32.3	36.9	37.6	39.6	39.6	42.3	41.6

Source: County Treasury

4.4.4. Resource Allocation Criteria and Fiscal Objective 2024-2025

Resource allocation is a complex affair, given the resource insufficiency compared to the competing demands. The proposed resource requirement for all sectors to fully discharge their mandate for the FY 2024-2025 amount to Ksh. 113.2 B. The projected revenue stands at Ksh. 41.6 B. In an effort to strike a balance between the resource basket and the sector demands, some sector priorities will remain unfunded and will be prioritized for financing in the succeeding years. The following factors informed resource allocation between sectors;

Non-discretionary expenditure

Some expenditure cannot be avoided and will hence be given priority before allocation to all other needs. In this regard, salaries and wages, utilities, insurance, waste management and commission for revenue mobilization will be allocated sufficient resources before consideration of other expenditure areas. Personnel emoluments remain the highest consumer of the budget. The projected proposal for personnel emolument stands at Ksh. 18.4 B comprised of salaries from the county executive of Ksh. 17.4 B and Ksh. 1 B for the county assembly.

Allocation towards development and Counter-part funding

Fiscal responsibility principles require an allocation of not less than 30% towards development expenditure. Development expenditure will constitute of Ksh. 12.47 B of the total budget. 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. Allocation towards this will be Ksh.11M for FFLoCA and Ksh. 847 M for KISSIP.

Ongoing projects

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 investment of public resources. In this regard, and to ensure that all projects commenced are fully completed and commissioned for use, the ongoing projects will be allocated sufficient resources for completion.

Governors Manifesto

Towards making Nairobi a city of order, dignity and opportunities, H.E. the governor pin-pointed clear strategies that must be pursued by all sectors. The sectors prioritized these programs for implementation and resources have been allocated to achieve this. Significant resources have been set aside for implementation of the school feeding programme, construction of stadia and markets, roads and public lighting, tree planting and bursaries/scholarships.

CIDP priorities and public participation

The priorities identified in the CIDP 2023- 2027, which were largely informed through the public participation process will guide on resource allocation to sectors. This is towards making the budget be responsive to the actual felt needs of Nairobians. Public participation on the draft CFSP 2024 will be conducted county wide and it will largely inform the resource allocation to priorities in the final strategy paper.

Service improvement areas and proposed institution transformation areas

Transformation of service delivery by NCCG is a key area of focus. This is towards ensuring that the services offered by the government are adequate, responsive and provided in a good environment and in a friendly way. Initiatives that are geared towards a Customer-Centric service delivery will be given priority. Creation of boroughs will ensure delivery of services even closer to the point of consumption and will further strengthen devolution. Adequate resources have been allocated to the boroughs and personnel sector which is the engine of devolution of services.

4.7 SECTOR PRIORITIES, STRATEGIES AND CEILINGS

4.7.1. MOBILITY AND WORKS

Mobility and Works Sector is responsible for providing key infrastructural services in additional to addressing transportation issues affecting the County. The Sector is in charge of developing infrastructure as well as development of policy, legal framework and regulations.

In order to expand road network, the sector envisages providing sustainable mobility, safety and accessibility, enhanced drainage infrastructure and improved security in the streets. To achieve this the county is committed to construct 45 kilometers of road network, construct 110 km of storm water drainage, develop 2 kilometers of common service ducts, gravel 30 kilometers of road as well as maintaining the existing infrastructure. Additionally, the county intends to construct 15No. Footbridges, 10No. Motorable bridges and 7No. Box culverts

Further, the county plan to increase universal access to safe, reliable, orderly and cost effective road public transport facilities during the fiscal year. The strategy will be to construct 7No. Public transport facilities, construct 35 kilometers of NMT and maintain the existing public transport facilities.

The sector will additionally prioritize pedestalization of streets, improvement of junctions and installation of 10200No. light fixtures, installation of 600No. Of signage and erection of 100No. Of bumps in the effort of enhancing road safety. Reduction of congestion remains a priority in the medium term through upgrading of traffic management system.

For the implementation of its priorities, the sector will be allocated a total budget of Ksh.. 4.88 Billion for FY 2024/25. The recurrent expenditure will include of Ksh.. 1.97B (representing 40% of total allocation) while development expenditure will be Ksh.. 2.93 B (60% of total allocation).

4.7.2. HEALTH WELLNESS AND NUTRITION

Provision of affordable and quality health care is critical for socio-economic development. Over the medium term, the government will prioritize provision of affordable and quality health services through establishment of 17no. Primary care networks across the 5 boroughs. Affordable health care will also be achieved through implementation of Sakaja care program which is meant to cushion poor households from health expenditure burden.

Further, the county will promote investment to expand the existing health infrastructure, health products in order to enhance provision of efficient and accessible health services. To achieve this the sector will implement the following strategies;

- Fully Operationalize the upgraded level 4 facilities
- Establish a county Blood Bank
- Construct & equip a specialized dental services facility in Tassia kwa Ndege
- Construct and equip a specialized surgical Centre at Mwiki HC
- Establish Cancer Treatment Centres of Excellence at Mbagathi Hospital and Mama Lucy Kibaki Hospital
- Establish Pediatric Oral Health Centre of Excellence at Lady Northey Dispensary
- Establish Adult Oral Health Centre of Excellence at Mama Lucy Kibaki Hospital
- Establish a center of excellence for rehabilitative services at Mama Lucy Kibaki Hospital
- Establish a center of excellence for rehabilitative services at Mbagathi Hospital

In order to promote nutritional value and wellness for Nairobians, the county will prioritize improvement of nutritional status of children in public ECDE centres through school feeding program. To achieve this the county intends to construct 10no. Centralized kitchens and 63no. Serving sheds in FY 2024/25. To promote healthy lifestyles and create supportive environments for health and well-being, the sector will embark on establishment of wellness centers, wellness online portal and workplace wellness programs for improved nutrition, fitness, mental health and healthy lifestyle to reduce incidence and modifiable risk factors for Non-Communicable Diseases. It will also implement Nutrition Assessment, Counselling and support interventions at health facilities and community level.

To enhance the implementation of the sector priorities for fiscal year 2024/25, the sector will be allocated a total budget of Ksh.. 9.22 Billion, 86% for recurrent expenditure (7.97 Billion) and Ksh 1.25 B for development (14%)

4.7.3. TALENTS SKILLS DEVELOPMENT AND CARE

The Sector of Talent, Skills Development and Care is charged with the responsibility of providing Early Childhood Development & Education (ECDE); administration of County Bursaries and Scholarships; provision of Vocational Education and Training; Children and Rehabilitation Services; Family and Social Welfare Services; Control of Drugs and Pornography; Community Development Services; empowering the Youth through training, skills development and sensitization on topical issues; Identifying, nurturing and promoting talents through Sporting and Recreational activities; Enhance access to library and information services to promote a reading culture; and provision of sporting, recreational, library and social infrastructure that promotes National Cohesion and enhance Talent Development.

The county government has continued to make sustained investment in education for early childhood and village polytechnics. This has increased access to quality basic education and improved the outcomes of ECDE centres and village polytechnics. During the fiscal year, the county government will continue to prioritize allocation of resources to enhance ECDE and vocational polytechnics. This will be achieved through the following strategies;

- Build additional ECDE schools(10No.) in informal settlements
- Expand the crowded schools to accommodate more learners
- Continuous teacher recruitment and capacity building
- Improve sanitation through building more ablution blocks and wash points
- Establish centers for children with disabilities
- Provide adequate qualified personnel in all Disbursement of bursaries and scholarships to the needy students
- Rehabilitate the VTCs' infrastructure and build 2No. Of new VTCs.
- To equip VTCs with relevant, modern & Specialized training tools, equipment and learning materials
- Acquire more land for construction and expansion VTCs.
- Give bursaries to VTC trainees

Additionally, the county government will give more emphasis on youth empowerment programs and sport development. To build on this the county commit to empower the youth in Nairobi and increase their opportunities for participation in governance and mainstream economic, social and political domains through; Imparting relevant skills to youths to achieve transformation development; Establishing and equipping Youth Resource Centers; Rolling Digital innovation hubs to promote innovation and research and Link youth to Online Business Opportunities. Towards sport development, the key strategies will be to develop sports infrastructure, develop and nurture sports talents to Nairobians and County staff and creating linkages between state and non-state actors for increased sports development.

Further the county will embark on provision of library services to manage knowledge and promote a reading culture. This will be achieved through automation and digitization of 3NO. libraries, Establishment of 3No. disability friendly library infrastructure (community libraries), Rehabilitate 2No. existing libraries. Additionally, the county will introduce 1No. mobile library services to reach areas without library facilities. Development of regulatory framework to guide library services will also be prioritized.

Finally, the county intends to increase access to recreational services by constructing, equipping and rehabilitation of existing socials and construction of new modern recreational infrastructure. The county also seeks to promote and empower communities through socio-economic programs and to look into and safeguard the welfare and rights of children through Rehabilitation programs.

During the fiscal year 2024/25, the sector will be allocated a total budget of Ksh.. 2.67 Billion. Allocation towards recurrent expenditure will be Ksh.1.84 Billion (69% of total sector budget), and allocation towards development expenditure will be Ksh.. 829 M (31% of total sector budget).

4.7.4. GREEN NAIROBI

FOOD AND AGRICULTURE

The sub-sector's key mandate is to ensure a food secure county through promotion and regulation of sustainable urban agriculture for food and nutrition security. under crop development, the county government will provide extension services to farmers in order to equip them with skills and knowledge on urban farming. The plan is to reach 7,000No. Of farmers through field visit, demonstration and exhibition. Priority will also be given to establishment of 2500 no. Of multi-storey/cone gardens and installation of 10No. Green houses and 34 No. Of hydroponic units for youth and women. To increase livestock production, the sector plan to construct 17No. of poultry unit ,10No. Of fish ponds and 7No. Fish tank units.

Improvement of tree cover and land productivity remains an area of priority for the fiscal year under consideration. This will help to promote sustainable agricultural land use and greening of the city. Towards this end, the county government will establish 2 No. of nurseries, grow 1M trees and conduct 17No. of tree growing Surveillance missions.

To facilitate the implementation of the above priorities, the sub-sector will be allocated a total budget of Ksh.294 M. Allocation towards recurrent expenditure will be Ksh.170M (58% of total sector budget), and allocation towards development expenditure will be Ksh.. 123 M (42% of total sector budget).

ENVIROMENT, WATER & SANITATION

Solid waste management is very fundamental in the management and protection of environment and remains to be a key priority during the fiscal year in the effort of maintaining a clean city. Towards this end, the county commit to implement the following strategies;

- Enhanced Contract management for provision of solid waste collection transportation and disposal services
- Continued quest for alternative final disposal facility and technologies
- Eradicating illegal dumps in wards
- Rehabilitation of reclaimed illegal dumpsites
- Installation of a second weighbridge at the final disposal site.
- Enhancement of county fleet through procurement additional trucks, machinery and equipment.
- Implementation of various environmental awareness campaigns

Additionally, the county will embark on providing reliable, clean and safe water for all as well as improving sanitation through expansion of sewerage system. To achieve this, the county will commit its resources in the following areas;

- Borehole drilling and equipping
- Water extensions
- Sewer extension
- Construction of ablution blocks
- Pre-paid water dispensers (water ATMs)
- Water kiosks
- Supply of water tanks
- Ground water treatment
- Monitoring, compliance and enforcement of water bowsers, commercial borehole operators and exhauster operators.
- Sensitization on proposed policies, legislation to the public and other stakeholders
- Decentralized sanitation e.g. UDDTs, bio digesters

Climate change and air quality monitoring remains a key priority over the medium term. Towards this end the county will oversee development and implementation of resilient climate change programs, climate change policy and climate change mainstreaming strategies. Building on this, the county government will install air quality monitoring system, air quality control unit (laboratory), develop air quality regulations and Update the greenhouse gas inventory.

To promote sustainable management of natural resources and city parks, the county government will develop and review policies and legislation, enhance Aesthetic Value, promote tree planting/ growing / reforestation and establish neighborhood parks.

To facilitate the above, the sub sector allocation will be Ksh.3.2B for FY 2024/25. Allocation towards recurrent expenditure will be Ksh.2.78 B (87 % of total sector budget) and allocation towards development will be Ksh.421M (13% of total sector budget).

4.7.5. EXECUTIVE OFFICE OF THE GOVERNOR

1.Internal Audit

The Internal Audit Department derives its mandate from the Kenya Constitution 2010. The plan for FY 2024/25 will be to promote effective data analysis and production of audit report, update sectoral risk management registers, review county risk framework management policy and increase audit scope. This will be achieved through implementation of the following strategies;

- Acquisition and installation of 12No. audit software.
- Conduct 5No. of training on use of audit software.
- Maintenance and renew 5No. of audit licenses.
- Constitute -County Risk Management Committee
- Train risk champions on risk management.
- Procure 1No. motor vehicle
- Procurement of goods and services
- Continuous training of Auditors
- 9No. Induction and Training of Audit committee

For the fiscal year 2024/25, the Audit department will be allocated a total budget of Ksh.. 98.33 M. Recurrent expenditure will constitute Ksh. 93.3 M (95% of total budget) and development expenditure of Ksh.. 5 M (5% of total budget)

2. Security & Compliance

The Sub-sector mandate is to ensure compliance of the county laws, other relevant statutes, provide security services to county Institutions/installations and investigate matters of interest to Nairobi

County government. The Sub- sector also recognizes the independence and shared responsibility of the Inspectorate officers and the community in ensuring safe & secure environment for all citizens through Community Policing.

Over the medium term, the priority will be to enforce compliance of law & order, ensure free flow of traffic, crime reduction, provide security to county institution and installations and VIP protection. On this the sector commit to implement the following strategies;

- Arraigning all offenders in court
- Removing illegal structures
- Guard 420 City Installations
- Guard all City VIP
- Conduct 4No. Sensitization forums
- Conduct 5No. Crime reduction awareness

To facilitate the above, the sub sector allocation will be Ksh.2.49B for FY 2024/25. Allocation towards recurrent expenditure will be Ksh.2.39 B (96% of total sector budget) and allocation towards development will be Ksh.105M (4 % of total sector budget).

3. Disaster Management

Disaster management and coordination remains fundamental in the effort of having a resilient city. Towards this end, the county will work to improve the efficiency and capacity of the Disaster management and Coordination, enhance the capacity of the public to manage disaster and respond to emergencies and develop appropriate disaster policy, legislative, and regulatory framework. This will be actualized through implementation of the following strategies;

- Recruit 200No. firefighters, 100No. EMTs, and 100No. DMOs
- Acquisition of communication supplies and services
- Construction of 2No. of new Fire Station.
- Timely repairs and new fleet to respond to all calls.

- Deploy fire investigation officers in 17 sub-counties
- Inspect 40,000No. of business premises for fire compliance to reduce fire incidences
- Inspect 1,500No. fire hydrants to ensure adequate water supply for operations.
- Procure 1,550No. specialized equipment to enhance service delivery
- Conduct 10No. of International Training to adopt industry best practices
- Repair 5No of boreholes.
- Repair of 1No backup generator.
- Repair 5No. fire engines
- Furnish 1No. Fire Station
- Procure 1No. fire engine
- Procure 600No. Personal protective equipment's (PPE)
- Conduct 3No. of community engagements in each ward.
- Provide post-disaster recovery assistance.

Towards implementation of its priorities, the sub sector allocation will be Ksh.536.8M. Allocation towards recurrent expenditure will be Ksh.371.8M (69% of total sector budget) and allocation towards development will be Ksh.165M (31% of total sector budget).

4. County Attorney

Over the medium term, the legal department will commit to enhance statutory and legal compliance. It will also give priority to ensure that the cost of litigation is reduced through recruitment and training of advocates. Further the office will work to offer legal advice to the county government, represent the county in court and revision of county laws.

For the fiscal year 2024/25, the Legal department will be allocated a total budget of Ksh.. 145.9 M. The development expenditure will constitute Ksh.. 15M (10% of total budget) and recurrent expenditure of Ksh. 130.9M (90% of total budget).

5. Office of Governor/Deputy Governor

The Sub-sector is responsible for leadership and governance services towards delivery of the

County mandate in a transparent and accountable manner. Responsibility for implementation of County policies and plans as well as accounting for results within the framework of government structure is a primary obligation of the sub-sector. The sub-sector is mandated to inform, engage and consult the people of Nairobi and other stakeholders through an elaborate framework of consultation and communication.

In order to enhance the capacity for implementation of sectoral plans over the medium term, the sub-sector will commit to expand resource outlay through innovative and legally recognized instruments for resource mobilization. Additionally, it will enhance accountability in the administration of inflows and results relating to partnerships and other external sources. Further, the government seeks to establish a

single gate for engaging partners, donors and stakeholders. These priorities will be executed through the

Directorate for Donor Coordination and Stakeholder Engagement.

In order to achieve effective and efficient IGR relations, the sub-sector seeks to establish a County Government and council of governor's liaison desk in every sector and Recruit staff to enhance capacity.

The governor's office will be allocated a total budget of Ksh. 269M in 2024/25 which will all be utilized as recurrent expenditure.

4.76. Office of the County Secretary

The County Secretary is the overall responsible for the County Public Service Delivery and there six (6no.) Directorate in the office County Secretary namely; County Administration, Record & Archival management, Performance Management, County Executive Committee Secretariat, Research & Policy and Monitoring & Evaluation.

Over the medium-term, the office of county secretary, through its various directorates will prioritize coordination of administrative operations to ensure smooth workflow; Facilitation of resources for effective service delivery; Coordination of all the County Executive Committee business; Effective and efficient records management practices within Nairobi County; Establishment and management of an effective and efficient County Monitoring and Evaluation System and development of county policy documents for various sectors.

The Office of county secretary will be allocated a total budget of Ksh. 675M in 2024/25. Allocation towards recurrent expenditure will be Ksh.554M (82% of total sector budget) and allocation towards development expenditure will be Ksh.121M (18% of total sector budget).

4.7.7. Business and Hustler Opportunities

The 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 2024/25 the sector will embark on increasing business growth opportunities for informal and formal Micro & Small Enterprises (MSEs) through increased MSME financing, MSME capacity development and establishment of 1No. incubation centres for startups through Public Private Partnership, construction and equipping of 1No. Common user facility and holding 2No. Trade fairs & exhibition. Development of county industrial & Trade policy will be prioritized.

To regulate and control gaming, betting and lotteries activities, the county government will oversee the development of Betting, Gaming policy and regulations, administering daily supervision of casinos and licensing of Gaming and Betting premises. For cooperative development, the sector will work to have a vibrant co-operative movement with financially strong and well managed cooperatives. This will be achieved through registration of new cooperatives together with reviving the dormant cooperatives. Proper auditing of the cooperatives will also be undertaken among other strategies.

Under market & Trade, the county priority will be to provide infrastructure development and management of County markets through will be construction of 5 No. of new modern markets and 25 No. of modern kiosks, rehabilitation of 10No. of existing markets; branding of 10 No. new markets as well as construction of 1No. nursing care unit for women traders.

The liquor Board intends to conduct awareness campaigns/publicity/sensitization in order to reduce the Alcohol and Drug Abuse [ADA] and for alcoholic addicts. Liquor Board will be conducting education awareness on alcoholism in forums and schools. Additionally, liquor board plan to conduct research on alcoholism during the fiscal year.

For the FY 2024/25, the sector will be allocated a total budget of Ksh. 664M (33%) towards recurrent expenditure, and Ksh. 1.32B (67%) for development. The total budget allocation for the sector will be Ksh. 1.98B.

The liquor board will be allocated Ksh. 351M constituting of Ksh. 294M (84%) for recurrent and Ksh. 57M (16%) for development expenditure

4.7.7. Built Environment and Urban Planning

The sector is responsible for county land and infrastructure surveying, GIS and mapping, county valuation services, land administration and property management and land registration. For the FY 2024/25, the county envisions to increase access to decent, affordable and adequate housing to Nairobi residents through Infrastructure improvements in 13No informal settlement schemes, redevelopment of 9 Estates, renovation of estates/units and estate offices.

To ensure spatial order in the county, urban planning department will undertake development of 9No. Local physical and land use development plans, develop county spatial plan, and formulate 1No. Greening policy. For proper land management, the land sub sector will continuously increase parcels of land surveyed, regularize land ownership in informal settlement, enhance GIS expansion and integration as well as infrastructure survey. The sector will also continue with the registration and issuance of leases and ensure entrenchment of new valuation roll.

For the implementation of the sector priorities for FY 2024/25, the sector will be allocated a total budget of Ksh. 1.49B. Allocation towards recurrent and development expenditure will be Ksh.432.9M (29% of total sector budget) and Ksh. 1.06B (71% of total sector budget) respectively.

4.7.8. Boroughs, County Administration and Personnel

A. Borough & Sub County Administration

Boroughs and Sub County Administration sub sector is responsible for the coordination, management and supervision of the general administrative functions in the sub-county unit, including development activities to empower the community.

For the FY2024/25 the county government will prioritize quality service delivery and good governance at the decentralized levels in order to ensure decentralization of services, human capital and resources of the county to the boroughs, sub counties and wards; good governance and the rule of law and timely provision of timely services. This will be actualized through implementation of the following strategies;

- Purchase of Supervisory Vehicles
- Recruitment of 6 No. Borough Managers and 1 No. Deputy Director of Administration
- Provision of Fuel and lubricants for HQ & 6 boroughs
- Sensitization and training of 20 No. staff on complaints handling procedures
- Furnishing & equipping of 3 No. offices.
- Construction of 2No. Borough Offices.
- Renovation of 6No. Borough Offices
- Procurement of 16No. of office equipment, computers and accessories for HQ & 6 borough offices

Additionally, provision of conducive working environment at the decentralized units through construction of sub county and ward offices will be prioritized.

To implement the priorities, the sector will be allocated Ksh.1.03B. The budget comprises recurrent expenditure of Ksh. 634.8 M (61%) and development expenditure of Ksh.. 400M (39%).

B. Public Service Management

The sub- sector is mandated for Strategic Management, Development and Transformation of the organization's Human Resource Capital, maintenance and maximization of employee's performance within the Service of Nairobi City County Government**.** To achieve its mandate over the medium-term, the public service will commit to improve employee productivity and performance through Innovative Programs: Coaching and Mentorship, Performance Management; Reward management and Talent management. In addition, the sub-sector will work to create highly skilled work force to provide quality services and respond to emerging issues through career development and training. The sector also prioritizes the construction of integrated training school in Dagoretti to capacity build county staff.

It will also work to seek to make saving from the personnel cost through implementation of VERS. To promote staff motivation and retention, the county plan to implement staff car loan & mortgage. It will give a priority to enhancing employee satisfaction through provision of conducive work environment, improved staff healthy and safety, promotions, right placement and staff appointment.

For the implementation of the sub- sector priorities for FY 2024/25, the sector resource allocation will be Ksh. 1.99B. The budget comprises recurrent expenditure of Ksh. 1.89B (95%) and development expenditure of Ksh. 100M (5%).

4.7.9. Innovation and Digital Economy

In the dynamic and rapidly changing world of technology, innovation and digitization stand as essential drivers of progress for societies and economies around the globe. To this effect, the Innovation and Digital Economy Sector remains dedicated to embracing innovation and digitization, playing a vital role in the transformation of Nairobi County. Through the integration of cutting-edge technology, the sector purpose to improve staff productivity, strengthen communication, streamline management functions, and ultimately, elevate the quality of service delivery to our residents.

Through Smart Nairobi the sector intends to roll out state-of-the-art data driven systems at an accelerated pace, automate all County services for effective and efficient service delivery to the residents of Nairobi and manage the County data. This will be achieved through the implementation of the following strategies;

- Introduce 900 No. Of staff to using county email
- Provide 1no. e- Cabinet
- Provide 4 no. ICMS modules

- Automate 1no. registry

In addition, the sector will give priority to improving ICT infrastructure development and connectivity as well as enhancing information security. The specific strategies will be;

- Connecting 25no. County offices with internet and modern ICT infrastructure
- Installation of 20 n0. wireless Access point in city hall (main & Annex)
- Creating 1000 no. User accounts
- Management of county data

Through digital economy &Startups sector will embark on unlocking and harnessing innovation and technology through startups and digital economy to drive socio economic development in Nairobi City County. This will be achieved through the following strategies;

- Doing one baseline start up report,
- Establish 4no. incubators to nurture startups,
- Engage start up through global investment expos
- Capacity build 100 no. Youth on startups skills
- Enhance startup finance support

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

For the implementation of fiscal year priorities, the sector resource allocation will be Ksh. 438.8M. The budget comprises recurrent expenditure of Ksh. 241.8M (55%) and development expenditure of Ksh.196.9M (45%).

4.7.10. Finance and Economic Planning

The Finance and Economic sector is mandated to ensuring prudent management of financial resources, formulation of planning and budgeting policies to facilitate socio-economic development, resource mobilization, management of county assets as well as making sure that goods, services and works for all county sectors are procured.

Over the medium term, the sector will embark on a robust resource mobilization strategies, Operationalization of the county asset management policy and guidelines as well as ensuring value for money (3Es I.e Efficiency, Effectiveness & Economy).The sector will further work towards achieving unqualified audit report by implementing strong internal control systems.

In addition, the sector will seek to; ensure coordinated development planning and budgeting; enhance tracking of implementation of development policies and programs and maintain proper management of county statistical data.

During the fiscal year, Finance &Economic planning will get an allocation of Ksh. 3.47B out of which Ksh. 3.45B (99%) will be utilized for recurrent expenditure and Ksh. 25M (1%) for development expenditure. The Nairobi revenue Authority will be allocated Ksh. 553M for its operations. 82% of this will be for recurrent expenditure (Ksh. 453M) while 18% will be for development expenditure (Ksh. 100M)

4.7.11. Inclusivity Public Participation and Customer Service

The sector comprises of public participation, citizen engagement and customers service; culture, Arts and tourism; Gender & inclusivity. During the fiscal year, the sector will focus on promoting tourism and culture development through establishment of 2No. tourist information centres, purchasing and branding of county customized tourist buses, establishment of tourist database, establishing digital heritage gallery/ culture village, promotion of culture festivals and exhibitions and promotion of creative industry.

Further the sector will embrace gender and disability mainstreaming by increasing community advocacy against GBV, promoting gender mainstreaming in the sectors, economic empowerment for the vulnerable and implementation of affirmative action.

Subsequently, the county will seek to; Increase awareness and involvement of residents in governance through conduction of public participation and civic education. Further, customer care services will be enhanced over the medium term. The above priorities will be achieved through the implementation of the following strategies;

- Conduct 68 Public participation forums
- Conduct 12 Civic Education forums
- Develop Public Participation Policy
- Develop Regulations for PP &CE
- Conduct citizen social audits
- Purchase Civic Education IEC materials
- Disseminate digital/electronic civic education messages
- Develop County structural citizen participation model
- Develop a Digital Citizen Engagement platform

For the FY2024/25, the sector resource allocation will be Ksh. 373.9B for the implementation of its priorities. Ksh. 313M (84%) will be allocated recurrent expenditure while Ksh. 60M (16%) will be for development expenditure.

4.7.12. County Public Service Board

The County Public Service Board will embark on establishing skilled and adequate workforce in the county public service through recruitment, promotions and confirmation of appointments.

For the FY2024/25, the CPSB resource allocation will be Ksh. 134.5M for the implementation of its priorities. Ksh.124M will constitute recurrent expenditure (93%) while Ksh.41M (7%) will be for development expenditure.

4.7.13. County Assembly

The Nairobi City County Assembly is established pursuant to section 176 of the Constitution of Kenya. Article 185(1) of the constitution vests the legislative authority of a County Government on its County Assembly. The main functions of any County Assembly and therefore the Nairobi City County Assembly can be summarized thus;

a) Legislation
b) Representation
c) Oversight

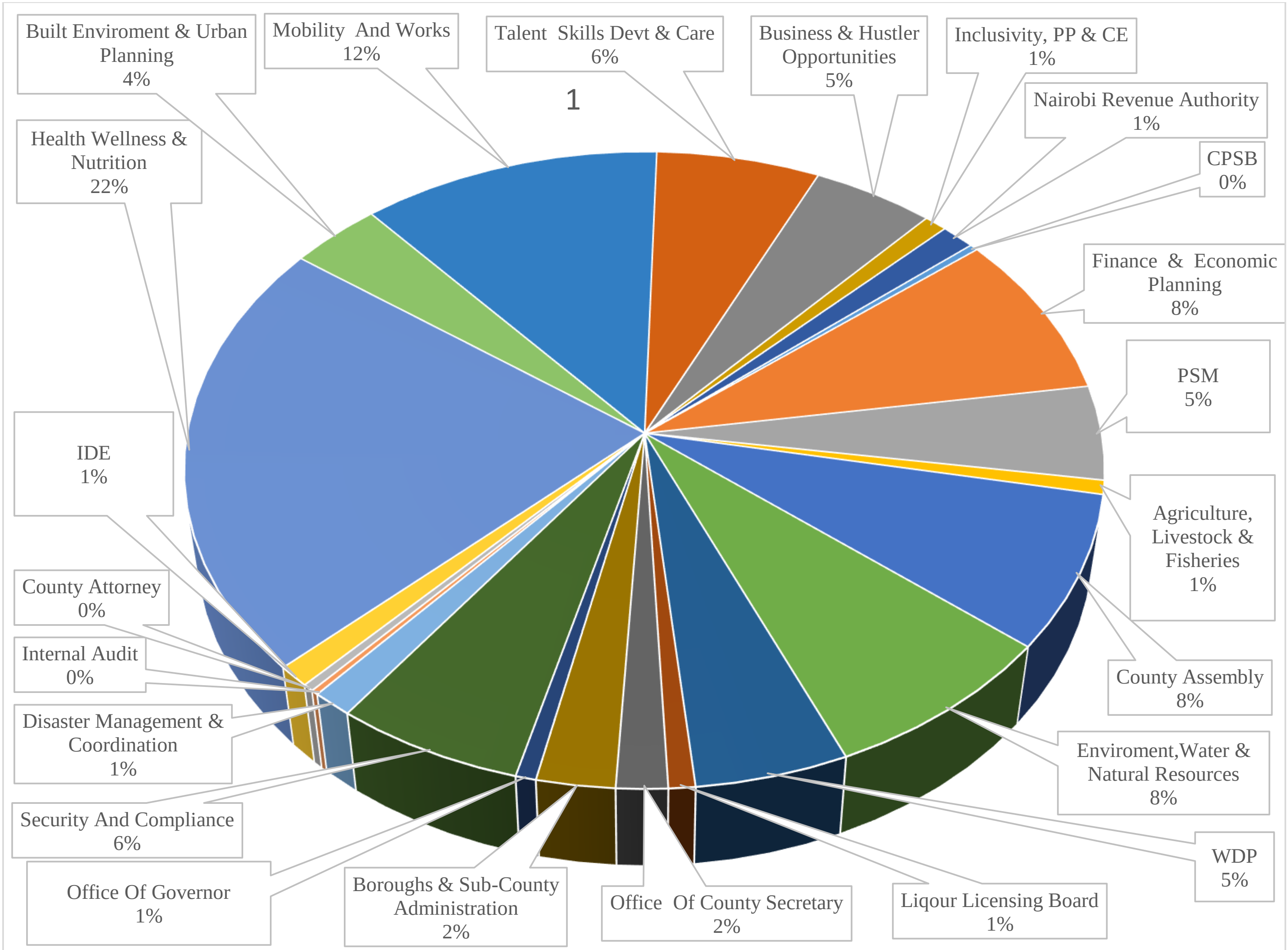
The assembly budget allocation will be Ksh. 3.24B out of which an allocation of Ksh.2.02B (62%) will be allocated to recurrent expenditure and Ksh.1.22B (38%) will be allocated to development expenditure.

4.7.14. Ward Development Programme

The Ward Development Programme administers funds for development of all 85 wards in Nairobi City County. The core mandate of the WDP is to ensure equity through providing quality physical infrastructure within the Wards.

Over medium term, the WDP aim at improving the livelihood of all residents in the 85 wards by providing will ensure quality physical infrastructure, expansion of roads and drainage, street lighting, drilling of boreholes and construction of footbridges and other social amenities.

The total resource allocation for this Programme for the FY 2024/25 will be Ksh.2.02 Billion. The budget comprises recurrent expenditure of Ksh.65M (3%) and development expenditure of Ksh. 1.96B (97%).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Built Enviroment & Urban Planning 4%
Mobility And Works 12%
Talent Skills Devt & Care 6%
Business & Hustler Opportunities 5%
Inclusivity, PP & CE 1%
Nairobi Revenue Authority 1%
CPSB 0%
Finance & Economic Planning 8%
PSM 5%
Agriculture, Livestock & Fisheries 1%
County Assembly 8%
Enviroment,Water & Natural Resources 8%
WDP 5%
Liqour Licensing Board 1%
Office Of County Secretary 2%
Boroughs & Sub-County Administration 2%
Office Of Governor 1%
Security And Compliance 6%
Disaster Management & Coordination 1%
Internal Audit 0%
County Attorney 0%
IDE 1%
Health Wellness & Nutrition 22%

CHAPTER FIVE: FISCAL RESPONSIBILITY AND FISCAL RISK

5.1 Fiscal Responsibility Principles

The Public Finance Management Act, 2012 and the Public Finance Management (County Governments) Regulations 2015 provides the fiscal responsibility principles to ensure prudent and transparent management of public resources. Section 107 (2) sets out the following fiscal responsibility principles which must be enforced by the county treasury;

a) The county government's recurrent expenditure shall not exceed the county government's total revenue
b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure
c) The county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly (35% as per section 25 (1-b) of the Public Finance Management County Regulations, 2015)
d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure
e) The county debt shall be maintained at a sustainable level as approved by county assembly;
f) The fiscal risks shall be managed prudently
g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

5.1.1. Adherence to the fiscal responsibility principles

County revenue verses Expenditure

The county has been adhering to this principle over the years by ensuring a balanced budget. This will be upheld in the financial year 2024/25 with a projected expenditure of Ksh.41.57B matching the projected revenue of Ksh.41.57B Comprised of Ksh. 20.6 B Own Source Revenue and Ksh. 21.16B from External sources

Allocation of 30% to Development Expenditure

Over the medium term a minimum of thirty percent of the county governments' budget shall be allocated to the development expenditure. The paper has proposed a thirty percent allocation towards development for the year 2024/2025 at Ksh. 12.47 Billion. The 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. The allocation towards recurrent expenditure has been capped at 70% of the proposed budget. The County government will continue to enforce austerity measures to ensure that recurrent expenditure is kept at the lowest level possible.

County Wages

Expenditure on wages and benefits for public officers is capped at 35% of the County's total revenue by the Public finance management (County Governments) Regulations, 2015. Nairobi City County has not managed to meet this provision due to the size of the workforce required to serve the huge population of the city of approximately six million people during the day.

Personnel emolument has been allocated Ksh. 18.4 B comprised of Ksh. 17.38B for the County executive and Ksh. 1.02B for the county assembly. This expenditure will consume 44 Percent of the proposed budget. This is above the 35 percent threshold provided by the Public Finance Management (County Governments) Regulations, 2015. The county strives to lower the personnel emoluments in the medium term. This paper has proposed deferment of new recruitment and phasing promotions over a three-year period

County debt and levies

The proposed 2023/24 budget is balanced and there are no provisions for borrowing. Instead the paper recommends for leveraging on other financing mechanisms including PPPs, Joint ventures and grants. In the medium term, the option for borrowing towards financing development which require huge capital outlay may be pursued.

By the end of the FY 2022/2023, the county debt portfolio was Ksh 107.3 B, an 8 % increase from the previous year. However, a portion of this debt remains contentious, with the county proposing to review all the county debt to ascertain the accurate figure, in the medium term strategy. This paper has proposed taming the increase of this debt, coupled with implementation of debt resolution strategies in the Debt Management Strategy.

5.2 Management of Fiscal Risks

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 county. In many instances, failure to disclose and prepare for such risks has caused Nairobi county government other obligations, larger public debts and occasionally refinancing difficulties and crisis.

Moreover, unexpected spending pressures or revenue losses often require disruptive ad-hoc 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, the county has increased its disclosure of such risks, so as to foster fiscal sustainability and to reduce thelikelihood of crisis.

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 awarenessand 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.

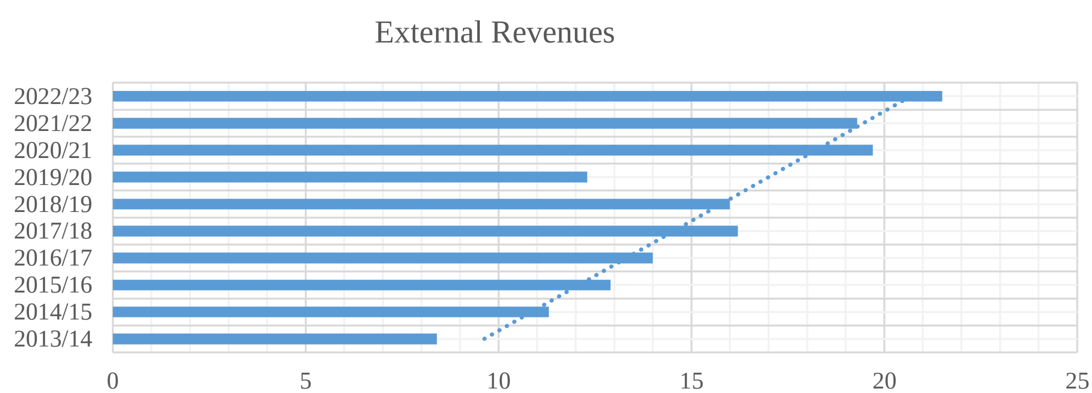
Risks experienced in Nairobi County government and Mitigation Measures

Fiscal Risks

Inadequate resources and Shortfall in Own Source Revenue

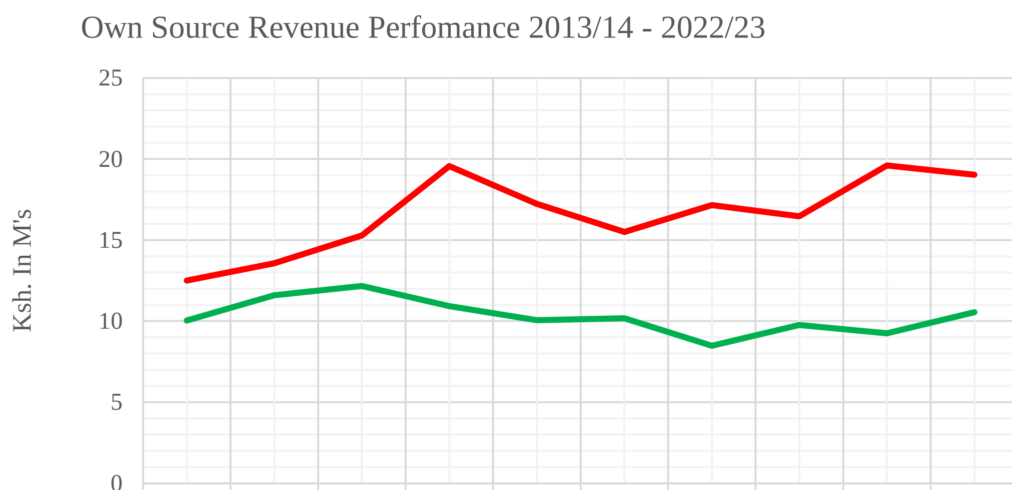
The County is faced with a two pronged challenge relating to availability of resources to deliver the fourteen functions assigned by the constitution 2010. First, the County approved budgets over the years have been significantly lower compared to sector proposals for implementation of priority programmes. This paper has proposed a budget of Ksh. 41.57Billion, which is only 36.6% of the desired Ksh. 113.6 Billion required to implement all county priorities. This challenge is projected to persist in the medium term and consequently most deliverables planned to be met in the CIDP 2023-2027 may not be achieved.

The second challenge, which exacerbates the above, is the fact that approved revenue targets fall short mostly due to underperformance of Own Source Revenue. The two main revenue sources for the county government is external revenue (Equitable share and conditional grants) and Own source revenue. The revenue projections over the years have not been met. External revenue sources have been resilient over the years with a positive trend as shown in the figure below



	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
External Revenues	8.4	11.3	12.9	14	16.2	16	12.3	19.7	19.3	21.5

The main fiscal risk that is likely to be faced by the county government is the shortfall in local revenue flows. Over the years, Own Source Revenue actualized have been falling short from the targets, with a reducing trend in absolute numbers.



	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
Approved OSR Targets	12.5	13.56	15.29	19.57	17.23	15.50	17.16	16.46	19.61	19.03
Actual OSR	10.04	11.59	12.17	10.93	10.05	10.17	8.48	9.76	9.24	10.56

The OSR has also been far much lower than the equitable share over the years. OSR remains the best and most reliable revenue source for guaranteed prosperity of the county, if the targets can be met. The 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 revenue collection system has been unreliable, revenue collection processes have been inefficient, limited taxpayer education has been prevalent, informality in the business environment has been high, revenue leakages have been persistent, enforcement measures have been inconsistent, data on revenue payers has been unreliable, facilitation of revenue collection process has been inadequate, revenue management structure has been weak and the national economic performance has been erratic.

Legal risks pose may impede revenue collection through court cases or court decisions that may affect revenue streams. Currently, rates collection has not met its full potential as a few rate payers still challenge implementation of the new valuation roll

Policy decisions may also reduce the revenue potential. These may be in form of waivers that affect the major revenue streams and sometimes demotivates the compliant tax payers. Pedestalization of the city streets may reduce parking space while late approval of the finance bill may affect the overall collection of county revenues. Striking a balance between revenue collection and other development agenda is therefore necessary.

Mitigation measures: 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. Implementation of the new valuation roll will also be pursued to conclusion by setting up an arbitration court. In the medium term, the County Government will raise additional resources from both market and non-market based resource mobilization instruments.

The County treasury will also synchronize development and approval of the finance bill with the budget process so as to avert delayed implementation of the finance act.

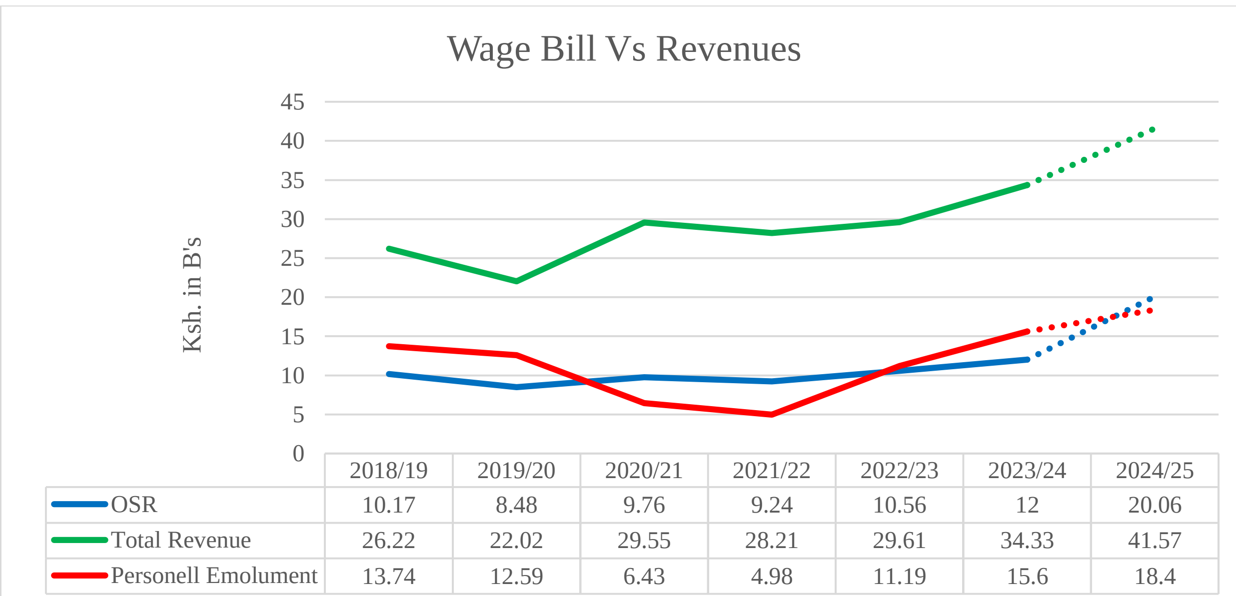
To ensure adequate resources for implementation of county priorities, the county will explore alternative financing mechanisms in the form of grants, issuance of a green bond, Public Private Partnerships (PPP's), Joint Ventures (JV's), Leasing and technical cooperation and partnerships.

High Wage Bill Versus Revenue

Personnel Emolument has been high and ever increasing, surpassing the stipulated 35% of the total revenue, further constraining the fiscal space. Section 25 (1-b) of the Public Finance Management (County Government) Regulations, 2015 stipulates that wages and benefits for public officers should not exceed 35% of Total revenue. Over the years, PE was below 35% of the actual county revenue in the FY 2020/21 and 2021/22 after the transfer of functions where a section of employees moved to NMS.

FY	2018/19	2019/20	2020/21[2]	2021/22[3]	2022/23	2023/24[4]	2024/25[5]
Total Revenue	26.22	22.02	29.55	28.21	29.61	34.33	41.57
Personnel Emolument	13.74	12.59	6.43	4.98	11.19	15.6	18.40
% of PE to TR	52.40	57.18	21.76	17.65	37.79	45.44	44.26

Payroll analysis indicates that Compensation to employees is currently increasing at a higher rate than increase in total revenue. This may worsen the wage bill – revenue ratio consequently making the county fail to meet the fiscal responsibility principle.



Mitigation: 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

[2] The PE for FY 2020/2021 only included employees who were retained at NCCG after transfer of functions

[3] The PE for FY 2021/2022 only included employees who were retained at NCCG after transfer of functions

[4] s

[5] The projections for FY 2023/24 and 2024/25 is made with an assumption of zero recruitment hence no new payroll entrants from January 2024

in the county. This will save the resources towards payment to casual workers. To conform to the fiscal responsibility principles, the following corrective actions will be implemented;

Short - term measures

- Put on hold all external recruitments that have not been finalized and consider internal recruitments and consider external recruitments only if there is lack of internal capacities. Similarly, no replacements should be done for those who have not reported/ or those who have declined the offers under Green Nairobi sector from the brought about through natural attrition which will not result in any additional costs. For Borough managers, existing staff be appointed on acting capacities as the boroughs structure is finalized;
- Public service Sector to undertake a skills inventory of all current permanent staff and those serving on contracts with a view of right placing them and subsequently recommending to the CPSB for appointment;
- Audit of all requests for uniform reimbursement issued in the last four years
- Engage the National Government and donors in part funding of the stipends for Community Health promotors and that their budget be provided under subsistence vote and not as personnel emoluments;
- Suspend further engagement of casuals and utilize existing internal capacities for instance utilize the newly recruited Green Nairobi staff especially in the Mobility & Works sector and Health, Nutrition and Wellness sectors as these sectors perform complementary functions;
- The effective dates for ongoing promotions be implemented in a phased approach and spread out for the remaining months up to June and no backdating the promotions
- Conduct internal recruitments for technical cadres as there exists internal capacities amongst the existing staff. Where there is lack of internal capacities, then external recruitments can be considered.
- The recruitment of drivers be allowed to proceed as there is serious shortage that cannot be filled by existing staff;
- Suspend further requests for recruitment for new staff staff and interns and the same be budgeted in the next financial year

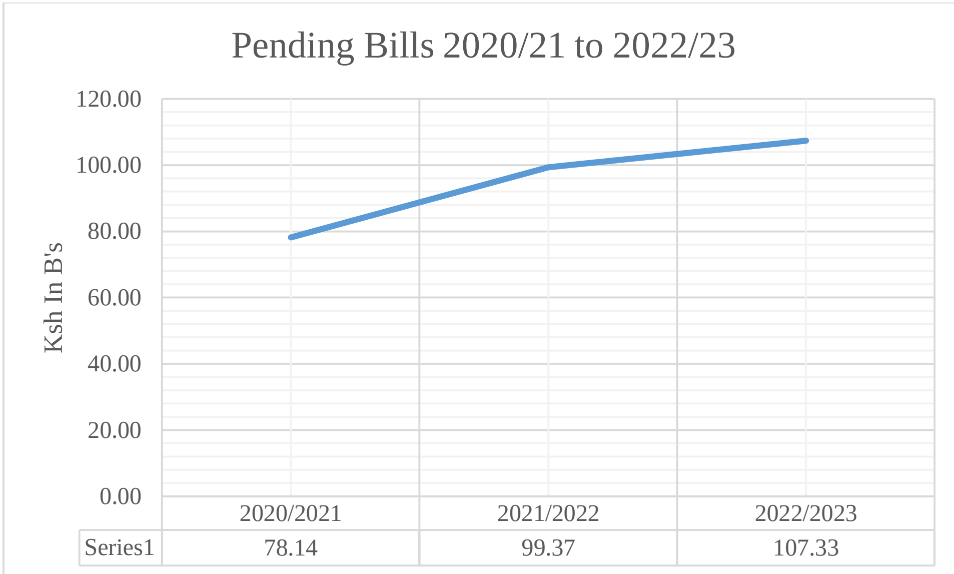
- Put in place stringent controls in the application and approval of overtime by sectors and consider flexi-working hours.

Long term measures

- Sectors to include human resource planning while developing their CIDPS and Annual Development Plans to ensure that appropriate human capital costing is incorporated in sector budgets
- County to finalize staff establishment that will be used as a planning tool in all future recruitments
- Implement phase three of Voluntary early retirement programme;
- All requests for recruitments will be channel through Public Service for review and advise before submitting with concurrence of County Treasury to confirm availability of funding before submission to CPSB
- Sectoral transfers will only be granted upon existence of a vacancy and a need and not based on one having additional qualifications and that for newly recruited staff they must serve for a minimum of two years before they are allowed to request for redesignation;
- All staff will be placed on performance management system to improve performance in terms of service provision and revenue collection

Pending bills/Debt

The issue of Pending debts/bills continues to be a major economic policy challenge facing the Nairobi County government. Consequently, the County is subjected to the risk of higher interest rate and other unpredictable cost elements. The debt trend has been increasing from one year to another. The pending bills accumulated in the FY 2022/23 increase by 8.01% from the previous year 2021/22. The rate of increase in the preceding period was 27.18%.



Mitigation measure: The Debt Management Strategy Paper (DMSP) provides guidance on the amount and type of borrowing to undertake over the medium term. It evaluates the costs and risks of various Debt Management Strategies and provides recommendations on meeting its obligations geared towards clearing of debts.

Expenditure capping, auditing of the existing debt; timely remittance of statutory deductions to avoid penalties, debt restructuring and swapping, negotiation for writing off of old debts, reduction of accumulation of legal fees and decretals and creation of new channels of revenues to ease on the loan amounts required to finance development projects are all strategies that will be employed in the medium term

Low absorption capacity

Absorption capacity for development budget across sectors remained largely low over the period 2013-2022. This is largely attributed to poor conceptualization of programs, inadequate capacity for technical designs, delay of disbursement of equitable share by the national government, declining own source revenue and inefficient costing of projects.

Mitigation measure: Customization and implementation of Public Investment Management will improve absorption towards development. 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. Adequate and predictable cash flow will also mitigate this challenge.

Fiduciary Risk

Risks such as fiduciary risk, development risk and reputation risks also face 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.

Mitigation measure: The first step is to upscale risk management through investing in appropriate technology and internal controls. The county will improve service delivery efficiency 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.

ANNEX 1: FISCAL FRAMEWORK FOR FY 2024/2025 AND THE MEDIUM TERM

CFSP	FY 2023/2024		CFSP 2024/25
	Approved	Revised-Proposed	
REVENUES	**Ksh.**	**Ksh.**	**Ksh.**
Equitable Share	20,072,059,113	20,072,059,113	20,375,544,797
IDA(World Bank)Transforming Health Systems for Universal Care Project			
DANIDA Grant-Primary Health Care in Devolved Context	29,048,250	29,048,250	
Sweden-Agricultural Sector Dev't Support Programme II	5,507,770	5,507,770	
World Bank -Kenya Informal Settlement Improvement Project II	550,000,000	550,000,000	770,000,000
World Bank-to Finance Locally Led Climate Action Plans (FFLoCA)	22,000,000	22,000,000	11,000,000
Own Source Revenues	19,690,072,415	19,690,072,415	20,060,926,033
Liquor Fees	300,000,000	300,000,000	351,000,000
County Revenue Fund	994,291,212	395,404,941	
Road Maintenance Levy Fund	667,491,356	818,197,395	
TOTAL REVENUE	**42,330,470,116**	**41,882,289,884**	**41,568,470,830**
EXPENDITURE			
COUNTY ASSEMBLY			
Personnel Emoluments	1,022,000,000	1,022,000,000	1,022,000,000
Other Recurrent	1,002,000,000	1,002,000,000	1,002,000,000
Transfers to County Assembly-Development	1,215,000,000	1,215,000,000	1,215,000,000
Sub-total (County Assembly)	3,239,000,000	3,239,000,000	3,239,000,000
COUNTY EXECUTIVE			
Personnel Emoluments	15,397,241,901	18,532,764,562	17,375,641,459
Other Recurrent expenses	10,673,785,451	12,721,105,219	9,404,288,122
Capital Projects	12,729,652,484	7,098,848,804	11,198,541,249
Sub-total (County Executive)	38,800,679,836	38,352,718,585	37,978,470,830
Total Expenditures Revenue Fund	42,039,679,836	41,591,718,585	41,217,470,830
Liqour Board			
Other Recurrent expenses	220,571,299	220,571,299	294,000,000
Capital Projects	70,000,000	70,000,000	57,000,000
Sub-total (LIQOUR BOARD)	290,571,299	290,571,299	351,000,000
Total Expenditure	42,330,251,135	41,882,289,884	41,568,470,830
NET FINANCING	**218,981**	**0**	**0**
Total Development Expenditure	14,014,652,484	8,383,848,804	12,470,541,249
% of Development to Revenues	33	20	30
PE Total	**16,419,241,901**	**19,554,764,562**	**18,397,641,459**
% of PE to total Revenues	39	47	44

ANNEX II: SECTOR CEILINGS (Ksh. in Miliions)

VOTE	Programmes	RECURRENT						CAPITAL				TOTAL BUDGET
		PE	Mandatory Expenditure	EMF, CA & Liqor	Conditional Grant	O&M	TOTAL RECURRENT	CAPITAL	EMF, CA & Liqor	Conditional Grant	TOTAL	
CPSB	CPSB	44				80	124	10			10	134
FINANCE & ECONOMIC PLANNING	Finance	1,621	1,295			261	3,177	25			25	3,202
	Economic Planning					269	269				-	269
PUBLIC SERVICE MANAGEMENT	Public Service	309	1,493			89	1,891	100			100	1,991
AGRICULTURE, LIVESTOCK DEVELOPMENT	Food Agriculture & Natural Resources	126				44	170	124			124	294
COUNTY ASSEMBLY	COUNTY ASSEMBLY			2,024			2,024		1,215		1,215	3,239
ENVIROMENT,WATER ENERGY & NATURAL RESOURCES	Environment	1,803	856		11	71	2,741	206			206	2,947
	Water & Sewerage					44	44	215			215	259
WARD DEVELOPMENT PROGRAMMES	Ward Development Programmes					65	65	1,955			1,955	2,020
LIQOUR LICENSING BOARD	Liquor Board			294		-	294		57		57	351
BOROUGHS AND PUBLIC ADMINSTRATION	Office of County Secretary	375				179	554	121			121	675
	Internal Audit & Risk Management	49				44	93	5			5	98
	Office of Governor					269	269	0			-	269
	Security & Compliance	2,193		149		44	2,386	105			105	2,491

VOTE	Programmes	RECURRENT						CAPITAL				TOTAL BUDGET
		PE	Mandatory Expenditure	EMF, CA & Liqor	Conditional Grant	O&M	TOTAL RECURRENT	CAPITAL	EMF, CA & Liqor	Conditional Grant	TOTAL	
	Disaster Mgt & Coordination	256				116	372	165			165	537
	Boroughs & sub county administration	546				89	635	400			400	1,035
COUNTY ATTORNEY	Office of County Attorney	87				44	131	15			15	146
INNOVATION & DIGITAL ECONOMY	Digital Economy & startups	87	22			44	154	-			-	154
	ICT Infrastructure					44	44	97			97	141
	Smart Nairobi					44	44	100			100	144
HEALTH WELLNESS & NUTRITION	Public Health					53	53	119			119	172
	Health facilities					107	107	850			850	957
	Medical Services	7,100				53	7,153	18			18	7,171
	Wellness, Nutrition & School feeding		600			53	653	266			266	919
BUILT ENVIROMENT & URBAN PLANNING	Urban Devet & Planning	355				26	381	88			88	468
	Lands					26	26	97			97	123
	Housing & Urban Renewal					26	26	30		847	877	903
MOBILITY AND WORKS	Works	672				44	716	2,309			2,309	3,025
	Mobility		1,187			44	1,231	623			623	1,854

VOTE	Programmes	RECURRENT						CAPITAL				TOTAL BUDGET
		PE	Mandatory Expenditure	EMF, CA & Liqor	Conditional Grant	O& M	TOTAL RECURRENT	CAPITAL	EMF, CA & Liqor	Conditional Grant	TOTAL	
TALENT SKILLS DEVT & CARE	ECD & Vocational Training	856	715	0	0	26	1,597	170			170	1,767
	Social Services	176				26	202	10			10	212
	Youth Talent & Sports	14				26	40	650			650	689
BUSINESS & HUSTLER OPPORTUNITIES	Business & hustler opportunities	524				89	613	194			194	807
	Markets & Trade					26	26	1,126			1,126	1,152
	Cooperatives					26	26	0				26
INCLUSIVITY PUBLIC PARTICIPATION,& CITIZEN ENGAGEMENT	Public Participation, C.E. & C.S	88	0	0	0	98	186	-				186
	City Culture Arts & Tourism		76			26	102	40			40	142
	Gender and Inclusivity					26	26	20			20	46
NAIROBI REVENUE AUTHORITY	Revenue	94				359	453	100			100	553
TOTAL		17,376	6,244	2,467	11	3,000	29,098	10,352	1,272	847	12,471	41,568

ANNEX III: MEDIUM TERM RESOURCE FRAMEWORK

CFSP	Approved 2023/24	PROJECTIONS		
		2024-25	2025-26	2026-27
REVENUES	Ksh.	Ksh.	Ksh.	Ksh.
Equitable Share	20,072,059,113	20,375,544,797	20,375,544,797	20,375,544,797
DANIDA	29,048,250			
Sweden-Agricultural Sector Dev't Support Program II	5,507,770			
World Bank –KISSIP II	550,000,000	770,000,000	770,000,000	770,000,000
World Bank- FFLoCA	22,000,000	11,000,000	11,000,000	11,000,000
Own Source Revenues	19,690,072,415	20,060,926,033	20,462,140,000	20,871,390,000
LIQOUR FEES	300,000,000	351,000,000	358,020,000	365,180,000
County Revenue Fund	994,291,212			
Road Maintenance Levy Fund	667,491,356			
TOTAL REVENUE	42,330,470,116	41,568,470,830	41,976,704,797	42,393,114,797
EXPENDITURE				
COUNTY ASSEMBLY				
Personnel Emoluments	1,022,000,000	1,022,000,000	1,073,000,000	1,127,000,000
Other Recurrent	1,002,000,000	1,002,000,000	1,052,000,000	1,105,000,000
Transfers to County Assembly-Development	1,215,000,000	1,215,000,000	1,215,000,000	1,215,000,000
Sub-total (County Assembly)	3,239,000,000	3,239,000,000	3,340,000,000	3,447,000,000
COUNTY EXECUTIVE				
Personnel Emoluments	15,397,241,901	17,375,641,459	17,202,000,000	17,030,000,000
Other Recurrent expenses	10,673,785,451	9,404,288,122	9,758,673,358	10,113,000,358
Capital Projects	12,729,652,484	11,198,541,249	11,318,011,439	11,437,934,439
Sub-total (County Executive)	38,800,679,836	37,978,470,830	38,278,684,797	38,580,934,797
Total Expenditures Revenue Fund	42,039,679,836	41,217,470,830	41,618,684,797	42,027,934,797
LIQOUR BOARD				
Other Recurrent expenses	220,571,299	294,000,000	298,020,000	300,180,000
Capital Projects	70,000,000	57,000,000	60,000,000	65,000,000
Sub-total (LIQOUR BOARD)	290,571,299	351,000,000	358,020,000	365,180,000
Total Expenditure	42,330,251,135	41,568,470,830	41,976,704,797	42,393,114,797
NET FINANCING	218,981	0	-	-
Total Development Expenditure	14,014,652,484	12,470,541,249	12,593,011,439	12,717,934,439
% of Development to Revenues	33	30	30	30
PE Total	16,419,241,901	18,397,641,459	18,275,000,000	18,157,000,000
% of PE To total Revenues	39	44	44	43

ANNEX IV: MEDIUM TERM EXPENDITURE BY BROAD CLASSIFICATION

	Approved 2023/24	Projections		
		2024/25	2025/26	2026/27
RECURRENT				
Transfer to CA-Recurrent	2,024,000,000	2,024,000,000	2,125,000,000	2,232,000,000
Personnel Emoluments	15,397,241,901	17,375,641,459	17,202,000,000	17,030,000,000
DANIDAGrant-Project	29,048,250			
Agricultural Sector Dev't Support Programme II	5,507,770			
Finance Loccaly Led Climate Action Plans (FFLoCA)	22,000,000	11,000,000	11,000,000	11,000,000
Mandatory Items				
General Insurance	150,000,000	250,000,000	260,000,000	270,000,000
Pending Bills	400,000,000	746,400,000	775,000,000	804,000,000
Laptrust		298,600,000	310,000,000	322,000,000
Medical Insurance & Wiba	1,650,000,000	1,492,900,000	1,549,000,000	1,607,000,000
Medical-KEMSA pending bills			-	-
Solid Waste Mgt	900,000,000	855,542,782	888,000,000	921,000,000
Internet	22,000,000	22,400,000	24,000,000	25,000,000
School Feeding	1,200,000,000	600,000,000	623,000,000	647,000,000
KPLC (Current +Debts)	300,000,000	634,500,000	658,000,000	683,000,000
Fuel, Repairs & Maintenance	105,000,000	552,400,000	573,000,000	595,000,000
Bursary & FPE	957,800,000	714,900,000	742,000,000	770,000,000
Nairobi Festivals/Choirs Battle	80,043,750	76,345,340	80,000,000	83,000,000
Liquor Board-Recurrent	220,571,299	294,000,000	305,000,000	317,000,000
Emergency Fund	200,000,000	149,300,000	155,000,000	161,000,000
Other Recurrent Expenses-C Executive	4,652,385,681	3,000,000,000	3,103,693,358	3,197,180,358
Sub-Total (Recurrent)	28,315,598,651	29,097,929,581	29,383,693,358	29,675,180,358
Transfer to County Assembly	1,215,000,000	1,215,000,000	1,215,000,000	1,215,000,000
Kenya Informal Settlement Improvement Project II	550,000,000	847,000,000	847,000,000	847,000,000
Road Maintenance Levy Fund Projects	667,491,356			
Liquor Board-Development	70,000,000	57,000,000	60,000,000	65,000,000
County Executive Devt Projects	11,512,161,128	10,351,541,249	10,471,011,439	10,590,934,439
Sub-Total (Development)	14,014,652,484	12,470,541,249	12,593,011,439	12,717,934,439
TOTAL EXPENDITURE	42,330,251,135	41,568,470,830	41,976,704,797	42,393,114,797
Surplus /Deficit	218,981	0	0	0
Devt	14,014,652,484	12,470,541,249	12,593,011,439	12,717,934,439
% Devt to total Revenues	33	30	30	30