

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY

(FOURTH SESSION)

NCCA/TJ/PL/2025 (59)

26<sup>TH</sup> JUNE 2025

PAPER LAID

SUBJECT: REPORT ON COMMITTEE

Pursuant to Standing Order 196, I beg to lay the following Paper on the Table of this Assembly, today Thursday 26<sup>th</sup> June 2025:

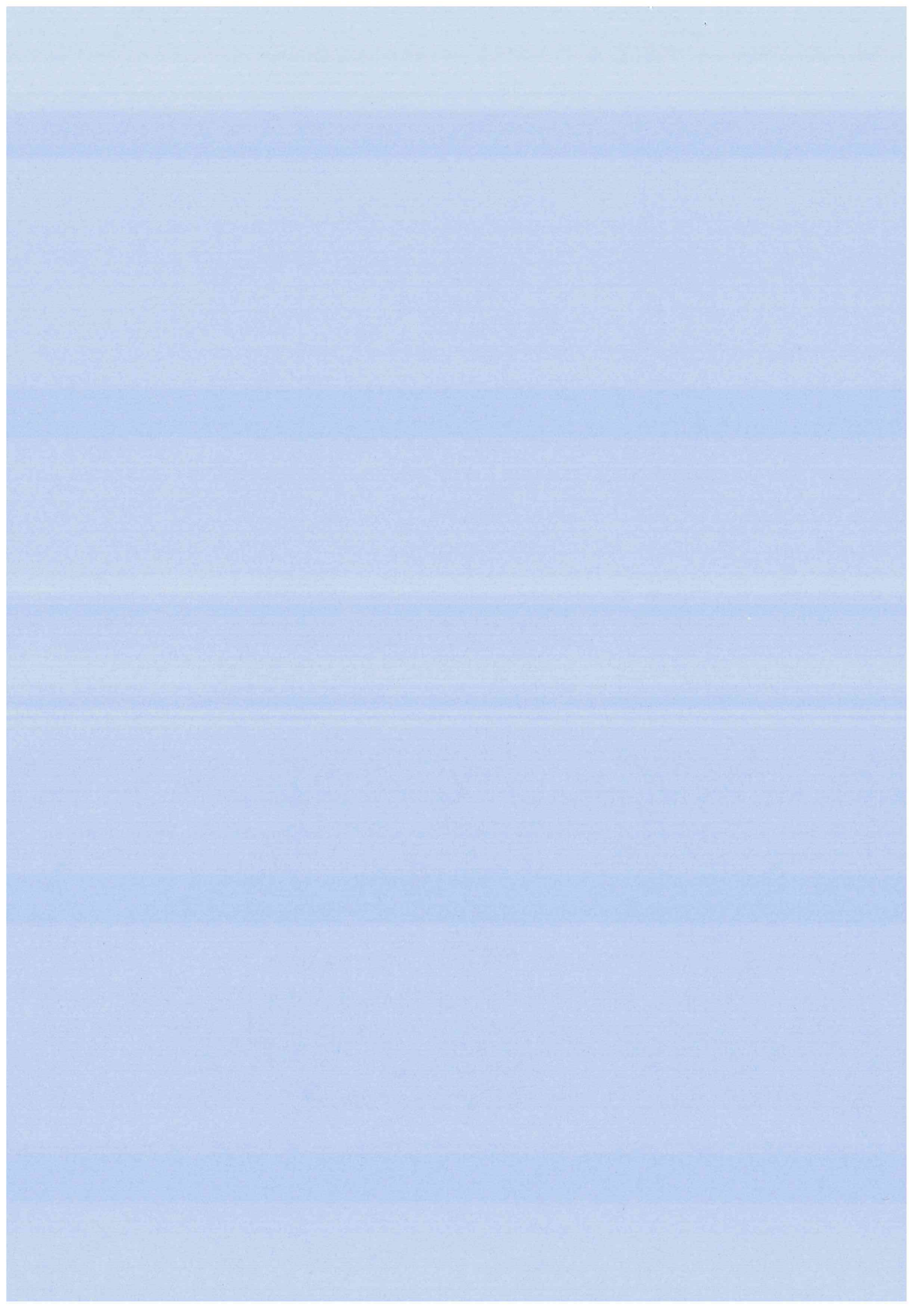
- THE 29<sup>TH</sup> REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON THE SUPPLEMENTARY II EXPENDITURE AND REVENUE ESTIMATES FOR THE FY 2024/2025 FOR THE NAIROBI CITY COUNTY GOVERNMENT AND NAIROBI CITY COUNTY ASSEMBLY.

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

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

*Papers Laid on the  
Table of the  
Assembly Hall.  
Odiolo, NCCA on  
26/6/2025  
(Ker)  
26/6/2025*





NCCA/TJ/NTC/2025

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

THIRD ASSEMBLY

(FOURTH SESSION)

26<sup>th</sup> June 2025

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NOTICE OF MOTION

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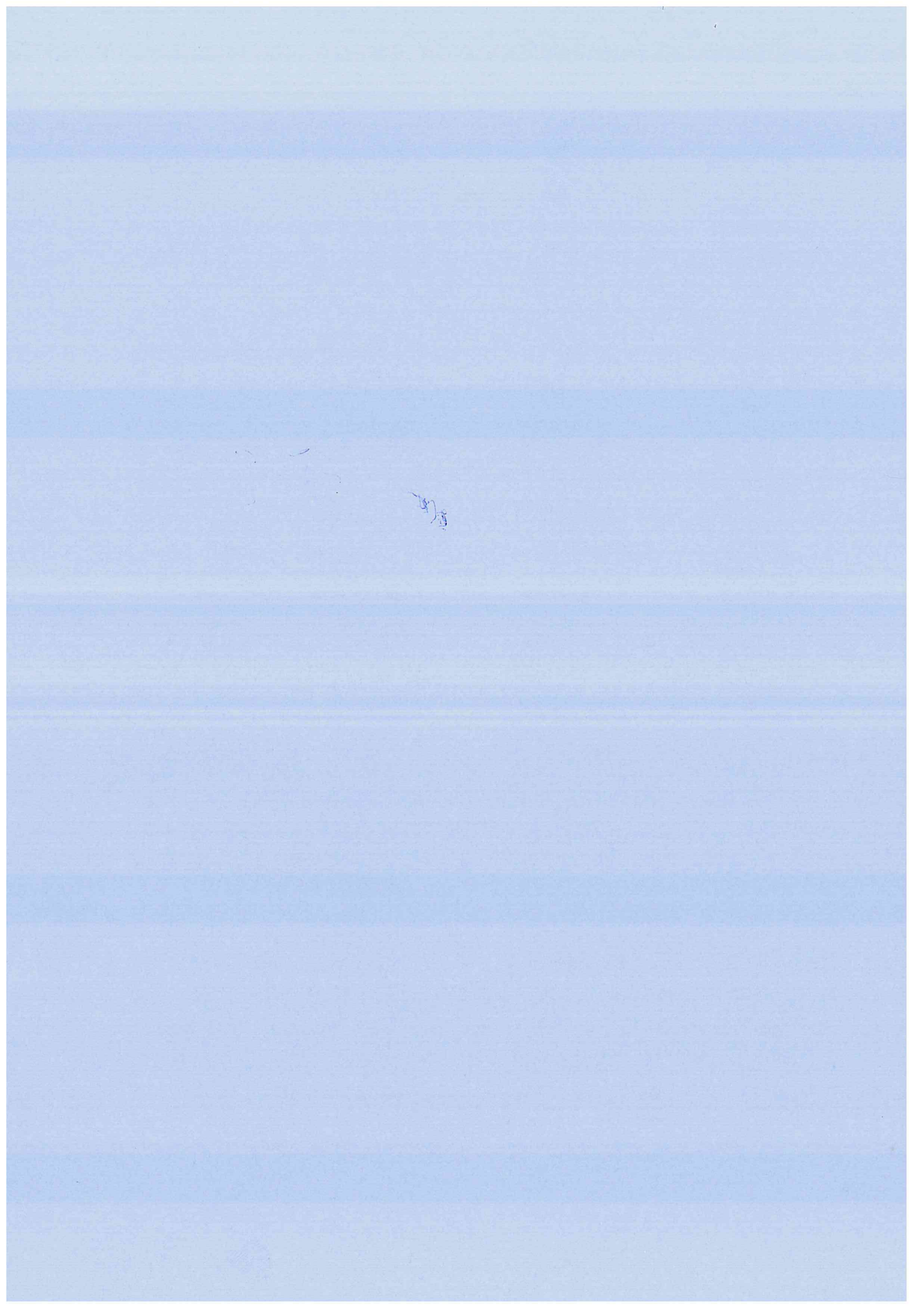
**Subject: Adoption of report of a Committee**

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

**THAT, this Assembly adopts THE 29<sup>TH</sup> REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON THE SUPPLEMENTARY II EXPENDITURE AND REVENUE ESTIMATES FOR THE FY 2024/2025 FOR THE NAIROBI CITY COUNTY GOVERNMENT AND NAIROBI CITY COUNTY ASSEMBLY laid on the Table of the Assembly on 26<sup>th</sup> June 2025.**

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







## THIRD ASSEMBLY – FOURTH SESSION

## ON

JUNE 2025

Papers I am by  
Hon. Jdals, ~~Russ~~  
on 26<sup>th</sup> June, 2025  
(H.)  
26/6/2025

## 1.0 PREAMBLE

### 1.1 Background

**Mr. Speaker Sir**, framers of the law were cognizant of the dynamic environments upon which budgets are implemented and granted room for preparation of supplementary estimates. The key legal framework being the Public Finance Management (PFM) Act, 2012 meant to guide the budget making process at both levels of government has laid an elaborate framework in planning and funding priorities. The Act has elaborated what should be considered at the time of preparing the annual budget, how that budget should be dispensed with, when it should be revised if at all and what could occasion such revision.

In line with provisions of Sections 135 and 154 of the PFM Act, 2012, **Mr. Speaker Sir**, the County Executive Committee Member for Finance in December 2024 forwarded to the County Assembly the First Supplementary Budget Estimates for the FY 2024-25 which were considered and subsequently approved. The Supplementary II Revenue and Expenditure Estimates for the FY 2024-25 likewise were forwarded and tabled on 24<sup>th</sup> June 2025 with an intention of reallocation of funds to achieve the priorities.

Having been laid, the estimates were committed and considered by the Nairobi City County Assembly Finance, Budget & Appropriations Committee established pursuant to the provisions of Standing Order 205 and mandated to: -

- a) Investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget;*
- b) Discuss and review the estimates and make recommendations to the County Assembly;*
- c) Examine the County Fiscal Strategy Paper presented to the County Assembly;*
- d) Examine Bills related to the county budget, including Appropriations Bills; and*
- e) Evaluate tax estimates, economic and budgetary policies and programs with direct budget outlay*

**Mr. Speaker Sir**, the County Assembly Finance, Budget & Appropriations Committee that guided the consideration of these supplementary estimates consist of the following 23 Members:

1. **Hon. Wilfred Oluoch Odalo, MCA** – Chairperson
2. **Hon. Emily Oduor, MCA** – Vice Chairperson
3. Hon Anthony Kiragu, MCA
4. Hon. Moses Ogeto, MCA
5. Hon Mark Mugambi, MCA
6. Hon. Jeckoniah Onyango, MCA
7. Hon. Catherine Apiyo Okoth, MCA
8. Hon. Jane Muasya, MCA
9. Hon. Asli Muhamed, MCA
10. Hon. Jane Wanjiru, MCA
11. Hon. Rosemary Masitsa, MCA
12. Hon. Perpetua Mponjiwa, MCA
13. Hon. Collins Ogenga, MCA
14. Hon. Fathiya Abdillahi Mohamed, MCA
15. Hon. Sam Kago, MCA
16. Hon. Anthony Ngaruiya Jasho, MCA
17. Hon. Paul Ndungu, MCA
18. Hon. Ciciliah Wairimu Njathi, MCA
19. Hon. Waruguru Kanyi, MCA
20. Hon. Joyce Kamau Muthoni, MCA
21. Hon. Waithera Chege, MCA
22. Hon. Susan Makungu, MCA
23. Hon. Peter Oweru

### **1.2 Committee Secretariat**

The County Assembly Budget Office provided technical support to the Committee during the consideration of the revised estimates under the guidance of the following officers: -

1. Mr. Erick Otieno – Principal Fiscal Analyst/ Head of Budget Office
2. Mr. Wilfred Manyi – Senior Clerk Assistant/ Committee Clerk



3. Mr. Alphonse Ouma - Senior Fiscal Analyst

**1.3 Examination of the Supplementary Estimates (II) for the FY 2024-25**

**Mr. Speaker Sir,** Article 196(1) (b) of the Constitution requires the County Assembly to facilitate public participation and involvement in the legislative and other business of the Assembly and its Committees. Due to the stringent timelines given that the financial year is ending in almost 3 days' time, the County Assembly placed an advert on Wednesday 25<sup>th</sup> June 2025 inviting the public for a one day physical hearing as well as submission of memoranda. The Committee in line with the County Assembly Standing Orders 228 and 234 had a consultative meeting during which it heard submissions from the County Executive led by the Executive Committee Member for Finance, the Chief Officer for Finance and the Clerk of the County Assembly Service Board. These deliberations focused on the rationale for the proposed reallocations on the approved annual budget estimates as well as policy issues that would ensure budget implementation.

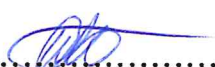
**1.4 Acknowledgment**

**Mr. Speaker Sir,** the Committee expresses its utmost gratitude to: -

- a) Offices the Speaker for granting permission for the Committee to meet to consider the estimates;
- b) The office of the Clerk for the support accorded during the entire process of consideration of the revised estimates;
- c) The County Executive and the /County Treasury led by the County Executive Committee Member for Finance and the Chief Officer for Finance for appearing before the Committee to explain the rationale for the proposed changes;
- d) Members of the Finance, Budget and Appropriations Committee who dedicated their time to ensure that the consideration of these revised estimates is achieved within stringent timelines; and
- e) The County Assembly Budget Office for the technical support to the Committee on the revised estimates.



**Mr. Speaker Sir**, on behalf of the Committee it is therefore my utmost privilege to table this report on the Second Supplementary Budget Estimates for the FY 2024-25 and recommend it to the Assembly for adoption.

Signed.......... Date.....26/06/2026.....

**Hon. Wilfred Oluoch Odalo, MCA**  
**Chairman: Finance, Budget and Appropriations Committee**

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## **2.0 SCRUTINY OF THE NAIROBI CITY COUNTY SUPPLEMENTARY (II) BUDGET ESTIMATES FOR THE FY 2024-25**

### **2.1 OVERVIEW OF THE APPROVED BUDGET AND SUPPLEMENTARY (I) BUDGET ESTIMATES FOR THE FY 2024-25**

- 1. Mr. Speaker Sir**, during the consideration of the annual budget estimates for the Financial Year 2024-25, the County Assembly had approved a total budget of Kshs. 43.5billion being Kshs. 29.3billion earmarked for recurrent expenditures and Kshs. 14.2billion set aside for development initiatives representing 32.6% of the overall budget. To safeguard funds from being channeled to recurrent expenditure the law provides that atleast 30% of the total budget be allocated towards development budget. The approved budget was aimed at providing a clear runway for realization of the aspirations of the Third County Government including rolling out of the School Feeding Programme, installing the five boroughs, completion of WDF projects, construction of stadia, issuance of bursaries and construction of markets among other key expenditure lines.
- 2.** In the supplementary I budget, **Mr. Speaker Sir**, the County Assembly approved a total of Kshs. 43.8billion out of which Kshs. 32.4billion had been earmarked for recurrent expenditures and Kshs. 11.4billion set aside for development initiatives representing 26% of the overall budget.

### **2.2 COMPLIANCE OF THE SUBMITTED SUPPLEMENTARY II BUDGET ESTIMATES TO THE PREVAILING LEGISLATION**

- 3. Mr. Speaker Sir**, the Finance, Budget and Appropriations Committee has consistently emphasized the importance of fiscal discipline, reminding this House of the specific circumstances under which supplementary budgets should be prepared, how they should be submitted, and the appropriate procedure for handling them. According to the law, supplementary budgets are meant solely to address unforeseen issues that could not have been anticipated during the drafting of the annual budget estimates and that remain unavoidable at the time the supplementary budget is being formulated. The provisions of Regulation 39 of the PFM (County Government) Regulations, 2015



further clarifies this by permitting Accounting Officers to reallocate up to 10% of the approved budgets across different programmes and votes, but only with the agreement of the County Executive Committee Member in charge of Finance. Once the Finance CECM grants approval, the process is finalized by tabling the revised estimates for reallocation and excess expenditures before the County Assembly for approval.

4. **Mr. Speaker Sir**, the Regulation clearly prohibits the inclusion of expenditures in supplementary budgets that were known during the preparation of the annual estimates but were not included as unavoidable. The law recognizes the risk that supplementary estimates might be misused to cover up poor planning or a lack of proper prioritization, and therefore does not permit the inclusion of expenditures that could have been planned for during the annual budget process. It is therefore clear that supplementary budgets can be used to seek additional funding for unforeseen needs or to regularize spending that has already occurred, provided it falls within legal limits. The Committee wishes to reiterate that this supplementary II budget estimates have been submitted at the tail end of the financial year and is meant to rationalize expenditures in line with Section 154 of the Public Finance Management Act, 2012.

## **2.3 RATIONALE FOR SUBMISSION OF SUPPLEMENTARY II ESTIMATES**

5. **Mr. Speaker Sir**, the second supplementary estimates have been submitted to address intermittent cash flows especially from the equitable share that have spiral effect on development priorities given the remaining timelines. The law outlines that no expenditure can be incurred outside a planning framework and this therefore necessitated the inclusion of two new revenue streams from external sources in the supplementary II estimates. In general and to make resources available for payments especially for pending bills anticipated in this supplementary budget, reallocations have been done across various votes in line with the provisions of Section 135 and 154 of the PFM Act, 2012.

## **2.4 SUMMARY OF ADJUSTMENTS TO THE APPROVED ANNUAL BUDGET**

6. **Mr. Speaker Sir**, the submitted Supplementary II Budget proposes that the overall County budget for the FY 2024-25 to equal Kshs.40.5 billion out of which Kshs.35.5 billion shall be directed towards recurrent while Kshs.4.9 billion shall be for development programmes. The

projected expenditure on personnel emoluments is expected to consume Kshs.18.3 billion or about 45% of the overall revised budget. The revised budget for the County Assembly is projected at Kshs.2.63 billion being Kshs.2.43 billion for recurrent expenditure and Kshs.203.9 million for development expenditure.

7. **Mr. Speaker Sir**, the following is a snapshot of the Supplementary II estimates in comparison to the first Supplementary and most affected sectors by the revisions and reallocations:

Total in Kshs.				
Sector	Approved	Supp 1	Supp II	Variance
County Public Service board	76,403,886	124,953,546	120,580,807	-4,372,739
Finance & Economic Planning	3,413,417,178	4,311,810,658	6,060,713,783	1,748,903,125
Public Service Management	2,065,855,081	2,081,290,098	2,031,955,994	-49,334,104
Agriculture, Livestock development, Fisheries & Forestry	259,572,990	210,620,174	163,094,629	-47,525,545
County Assembly	3,560,111,836	2,944,031,089	2,639,031,089	-305,000,000
Environment, Water, Energy & Natural resources	3,953,447,196	4,904,180,454	5,212,463,860	308,283,406
Ward Development Programmes	2,235,000,000	2,245,700,000	989,180,000	-1,256,520,000
Emergency Fund	100,000,000	250,000,000	250,000,000	0
Liquor Licencing Board	351,000,000	389,000,000	389,000,000	0
Boroughs Public Administration	4,746,256,900	5,251,602,419	5,041,884,138	-209,718,281
County Attorney	268,746,650	343,320,008	309,550,848	-33,769,160
Innovation & Digital Economy	455,346,673	384,207,470	223,964,538	-160,242,932
Health Wellness & Nutrition	10,213,532,221	9,035,837,628	9,075,906,772	40,069,144
Built Environment & Urban Planning	1,594,081,397	1,950,653,205	1,907,816,055	-42,837,150
Mobility & Works	3,758,198,252	4,199,896,809	1,989,025,357	-2,210,871,452
Talent Skill devp & Care	3,684,373,513	2,800,865,576	2,320,724,337	-480,141,239
Business & Hustler Opportunities	2,248,120,582	1,744,798,866	1,307,766,182	-437,032,684
Inclusivity Public Participation & Citizen Engagement	352,391,899	456,702,043	343,612,106	-113,089,937
Nairobi Revenue Authority	226,985,199	201,350,306	128,223,454	-73,126,852
<b>Total Expenditure</b>	<b>43,562,841,452</b>	<b>43,830,820,349</b>	<b>40,504,493,951</b>	<b>-3,326,326,398</b>

8. As already pointed **Mr. Speaker Sir**, the submitted Supplementary II Budget Estimates key affected areas as compared to Supplementary I Budget Estimates are as follows: -

- i. The own source revenue is expected to reduce by Kshs.3.3 billion from Kshs.20.4 billion to Kshs.17 billion.



- ii. Finance and Economic sector's budget has been enhanced by Kshs.1.75 billion majorly to settle pending bills.
- iii. Environment budget has been increased by Kshs.308 million majorly for solid waste management in the County.
- iv. WDF development allocation has been reduced by over Kshs.1.255 billion (56%) implying majority of the planned would not be undertaken in the financial year under reference.
- v. Mobility and works budget has been reduced by Kshs.2.1 billion that will significantly affect the planned projects.
- vi. The Talents development has been reduced by Kshs.480million with development allocation being the hugest casualty as it sees a reduction of Kshs.456 million thereby knocking all ECD projects.
- vii. All the development priorities of Innovation and Digital Economy as well as those of Agriculture sector have been knocked off in their entirety.
- viii. The County Assembly development budget was reduced by Kshs.305 million which will affect the planned development priorities.

**9. Mr. Speaker Sir,** the Finance, Budget and Appropriations Committee has scrutinized the Supplementary Estimates and observed the following;

- The proposed budget has not adhered to fiscal responsibility principles key being on allocation for development which is 12% of total budget which is below the 30% minimum threshold set in the law.
- The rationale for its preparation has not been given as well as any justification for the re-adjustments.
- The proposed budget has not taken into account the past resolutions of the County Assembly hence offending the provisions of the law.
- The personnel costs vary across sectors despite being a non-discretionary that should be computed with accuracy for instance the Environment sector saw an increase of over Kshs.381million.

- Development projects have been knocked off in entirety for some sector e.g. Innovation and Digital Economy and Agriculture sectors.
- The own source revenues are expected to be reduced by Kshs.3.3billion from Kshs.20.4billion to Kshs.17billion with two new external revenue streams have been introduced amounting to Kshs.121.2million with no accompanying explanations.
- Key gainers are Finance whose budget have been enhanced by Kshs.1.75billion majorly to settle pending bills and Environment budget increased by Ksh.308million with solid waste management accounting for major increase.
- No justification was provided for introducing new projects in Supplementary I and knocking them off in the Supplementary II.
- The Emergency Fund has continued operations despite not adhering to the provisions of Section 110-115 of the PFM Act, 2012.
- The budget has several vote heads named “other operating expenses” which in some instances have been increased by over 400% a case in point being the Environment Sector.

**10. Mr. Speaker Sir,** the Committee has considered the issues above and held discussions with the County Treasury with a view of finding lasting solutions to them and ensuring that they don't reoccur in the future. On the allocation for development budget the Committee notes that it highly unlikely for the County to absorb the initially allocated funds given the remaining time to the end of the current financial year but advised that measures be put in place to ensure the allocated development budgets meets the legal threshold and gets utilized as required by law. Further, the Committee has agreed with the County Treasury that budgets shall always contain budget summary that addresses concerns similar to the ones above.

## **2.5 RECOMMENDATION**

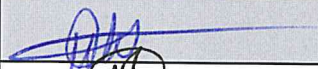

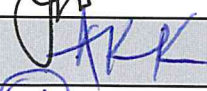

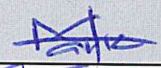

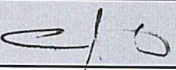
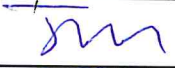



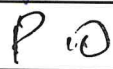
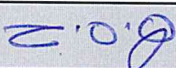

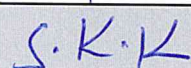

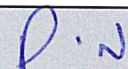
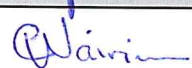
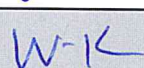
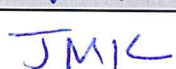
**Mr. Speaker Sir,** in conclusion and pursuant to the provisions of Section 135, 154 of the Public Finance Management Act, 2023 and Standing Order 234 the Select Committee on County Finance and Appropriations recommends that:



**“This County Assembly adopts the 29<sup>th</sup> Report of the Select Committee on County Finance, Budget and Appropriations on the Second Supplementary Budget Estimates for the Nairobi City County Government and County Assembly for the FY 2024-25”**



We the undersigned Members of the Finance, Budget and Appropriations Committee affirm that this is the approved report of the Committee on the Consideration of the Nairobi City County Supplementary (II) Budget Estimates for the FY 2024-25 as adopted by the Committee on 26<sup>th</sup> day of June 2025

NAME	SIGNATURE
1) Hon. Wilfred Oluoch Odalo, MCA	
2) Hon. Emily Oduor, MCA	
3) Hon Anthony Kiragu, MCA	
4) Hon. Moses Ogeto, MCA	
5) Hon Mark Mugambi, MCA	
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