

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY

(FOURTH SESSION)



NCCA/TJ/PL/2025(41)

PAPER LAID

SUBJECT: REPORT OF COMMITTEE

Pursuant to Standing Order 196, I beg to lay the following Paper on the Table of this Assembly, today Wednesday 16th April 2025:

- THE REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON THE NAIROBI CITY COUNTY FISCAL STRATEGY PAPER AND THE DEBT MANAGEMENT STRATEGY PAPER FOR THE FY 2025/2026 AND OVER THE MEDIUM TERM.

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

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

*Papers laid by Hon.
Wilfred Odalo MCK on
16th April, 2025.*

*(Signature)
16/4/25*

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

THIRD ASSEMBLY
(FOURTH SESSION)

16th April 2025

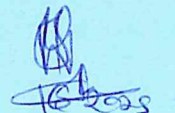
NOTICE OF MOTION

Subject: Adoption of report of a Committee

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

- THAT, this Assembly adopts THE REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON THE NAIROBI CITY COUNTY FISCAL STRATEGY PAPER AND THE DEBT MANAGEMENT STRATEGY PAPER FOR THE FY 2025/2026 AND OVER THE MEDIUM TERM, laid on the table of the Assembly today, Wednesday, 16th April 2025.

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

Notice of motion given
by Hon. Wilfred Odoko
MCA on 16th April, 2025.


COUNTY GOVERNMENT OF NAIROBI CITY



NAIROBI CITY COUNTY ASSEMBLY

THIRD ASSEMBLY – FOURTH SESSION

**25TH REPORT OF THE COUNTY ASSEMBLY FINANCE, BUDGET AND
APPROPRIATIONS COMMITTEE**

ON

**THE NAIROBI CITY COUNTY FISCAL STRATEGY PAPER AND THE DEBT
MANAGEMENT STRATEGY PAPER FOR THE FY 2025-26 AND OVER THE
MEDIUM TERM**

APRIL, 2025

I.PREAMBLE

Mr. Speaker Sir, budgets are instruments used to direct limited government resources to areas that have the likelihood of delivering the most optimal returns at the least possible cost. Were the resources available at the disposal of public officials limitless then it would have been pointless to make budgets as everything would eventually get done. Picking from this fundamental feature of money, scarcity, this Third County Assembly has once again been called upon to consider and make determination on the priorities and sector ceilings contained in the County Fiscal Strategy Paper (CFSP) thereby guaranteeing the implementation of the priorities and projects contained in the approved Annual Development Plan for FY 2025-26.

Mr. Speaker Sir, in line with the provisions of Section 117 of the Public Finance Management (PFM) Act 2012 and Standing Order 227, the County Fiscal Strategy Paper for the FY 2025-26 was laid in the County Assembly on Tuesday 4th March 2025. Having been laid, and in line with the provisions of Standing Order 227, the paper stood committed to the Sectoral Committees and the Finance, Budget and Appropriations Committee to consider and report in line with their respective mandates.

Mr. Speaker Sir, the import of the provisions of Standing Order 227 (6) is that the end product of this critical process by the County Assembly is to forth the total overall projected revenues, the ceilings recommended for the County Government and County Assembly and the total sums for each Vote and the allocations to individual programs for the fiscal year 2025-26.

Mr. Speaker Sir, the review of the CFSP 2025 and the Debt Management Strategy Paper (DMSP) 2025 was undertaken under the insightful guidance of the following Members of the Committee: -

- | | |
|----------------------------|--------------------|
| 1. Hon. Wilfred Odalo, MCA | Chairperson |
| 2. Hon. Emily Oduor, MCA | Vice - Chairperson |
| 3. Hon. Antony Kiragu, MCA | |
| 4. Hon. Moses Ogeto, MCA | |
| 5. Hon. Mark Mugambi, MCA | |

6. Hon. Catherine Okoth, MCA
7. Hon. Anthony Ngaruiya, MCA
8. Hon. Esther Waithera Chege, MCA
9. Hon. Susan Mukungu, MCA
10. Hon. Paul Ndungu, MCA
11. Hon. Jane Wanjiru, MCA
12. Hon. Asli Mohamed, MCA
13. Hon. Jane Muasya, MCA
14. Hon. Peter Oweru, MCA
15. Hon. Sam Kago, MCA
16. Hon. Perpetua Mponjiwa, MCA
17. Hon. Fathiya Abdillahi, MCA
18. Hon. Ciciliah Wairimu, MCA
19. Hon. Rosemary Masitsa, MCA
20. Hon. Jackson Onyango, MCA
21. Hon. Joyce Muthoni, MCA
22. Hon. Jane Waruguru, MCA
23. Hon. Collins Ogenga, MCA

Mr. Speaker Sir, the Select Committee on Finance, Budget and Appropriations Committee is one of the Committees of the Nairobi City County Assembly established under Standing Order 205 mandated to among others; -

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

Examination of the County Fiscal Strategy Paper and the Debt Management Strategy Paper for the FY 2025-26

Mr. Speaker Sir, while staying true to the age old tradition established by the previous Budget Committees, the Finance, Budget and Appropriations Committee scrutinized the DMSP and the CFSP together so as to ensure that the strategies put forth in management of debt are correctly aligned to the fiscal direction being pursued by the County Government as espoused.

Mr. Speaker Sir, during the deliberation on the County Fiscal Strategy Paper and the Debt Management Strategy Paper for FY 2025-26, the Committee received submissions from the County Executive Committee Member responsible for Finance, heard requests from the various Sectors through their respective County Executive Committee Members, from the Secretary to the County Assembly Service Board, considered reports submitted by the Chairs of Sectoral Committees, considered written submissions from Members of the public as well as synthesized the views received during the public participation exercise on the CFSP. The submissions from the respective stakeholders have informed the Committee in coming up with this report.

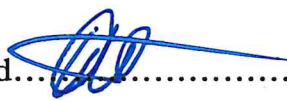

Acknowledgment

Mr. Speaker Sir, in coming up with this report, I wish to express my honest compliments to the following:

- a) Members of the County Assembly who through their respective Sectoral Committees burned the midnight oil to ensure that this important task is completed;
- b) The Members of the Finance, Budget and Appropriations Committee who reviewed the strategies, tip-toed through the Sectors' priorities and made determination on the budget ceilings for both the County Government and the County Assembly;
- c) Offices of the Speaker and the Clerk of the County Assembly for the support and services extended to the Committee while considering the CFSP and the Debt Management Strategy Paper for 2025-2026;
- d) The County Executive led by the County Executive Committee Member for Finance and the Chief Officer responsible for Economic Affairs for taking time to present to the Committee their rationale for the proposals;
- e) The County Assembly Budget Office for presenting in-depth analysis, summary and professional guidance to the Sectoral Committees and the Budget Committee during the entire time of considering the Papers; and

f) The Clerks of Sectoral Committee who offered support to Sectoral Committees during the consideration of this report.

Mr. Speaker Sir, it's my pleasant duty and honor on behalf of the Finance, Budget and Appropriations Committee to table this Report on the examination of the County Fiscal Strategy Paper and Debt Management Strategy Paper for FY 2025-26 and recommend it to the Assembly for adoption.

Signed.......... Date..........
Hon. Wilfred Odalo, MCA

Chairman: Finance, Budget and Appropriations Committee

II.SCRUTINY OF THE DEBT MANAGEMENT STRATEGY PAPER FOR THE FY 2025-26

1. **Mr. Speaker Sir**, on debt management the paper reports that pending bills decreased by 7.5% in the previous financial year thereby implying an acceleration compared to a similar period in the previous financial year. The overall stock of the County debt is indicated at Kshs. 99.25billion representing a reduction of about Kshs. 8billion from the Kshs. 107.33billion reported in 2023-24. The County proposes to deal with debt through timely remittance of statutory deductions, enforcing fiscal discipline, expenditure capping, strengthening Annual Procurement & Budgeting processes, debt audit, revenue diversification, debt swaps, debt write offs among others.
2. **Mr. Speaker Sir**, the Committee at the very onset observed that some of the strategies are a replica to those approved by the County Assembly in the previous DMSPs with no information provided on the reasons why they have not been implemented since they were first conceived. In this regard, the Committee took time to understand the status of implementation of strategies related to debt swaps, debt write offs and related negotiations. In summary, the presented DMSP indicates that as at the end of June 2024, the greatest reduction was in the amount due to LAPFUND which recorded a decrease of Kshs. 17.57billion. The paper indicates that this was as result of a court decision that ruled on the downward revision of the amount. The Committee noted that such undertaking on the amounts owed as statutory deductions presents a positive outlook and urges the County Treasury to continue with similar acts and ensure that amounts owed do not go against the duplum rule.
3. On the other hand, **Mr. Speaker Sir**, increases were recorded in amounts owed to supplies which increased by Kshs. 5.1billion, LAPTRUST arrears increased by Kshs. 3.74billion whereas staff arrears increased by Kshs. 348.2million or 39% to stand at Kshs. 1.23billion. The Committee noted that a number of resolutions were made by the County Assembly during the approvals of previous budgets to ensure that resources are set aside for payment of pending financial obligations. However, the status of the pending bills does not reflect

the implementation of the said resolutions key among these being the call for realistic revenue targets and expenditure projections. Questions still linger on the extent to which the paper has actualized these measures based on the actual past data that is at the disposal of the County.

4. **Mr. Speaker Sir**, to balance the scale of the county debt, the paper reports that the account receivables stand at Kshs. 1.51trillion representing an increase of Kshs. 140billion compared with the Kshs. 1.37trillion reported by the end of June 2023 with the rise majorly relating to land rates. The strategies that has been fronted to address the collection of this amounts include debt swaps, negotiations with the National Government, establishment of a dedicated Debt Collection Unit, strong debt collection mechanisms, incentives for compliance, issuance of agency notices, strengthening the existing legal framework among others. The Committee noted that paper made no effort to bring out reasons for the increase in the account receivables and additionally the DMSP 2025 like its predecessors has fronted the same strategies to address the ever growing debt obligations without any tangible success and the Committee is of the opinion that fronting strategies alone will not deliver the intended outcome without precise actions to match it.
5. **Mr. Speaker Sir**, the Committee has concluded the consideration of the DMSP by emphasizing to the County Treasury that there is need for immediate implementation of the strategies proposed to ensure that the County books are properly aligned to the Country's long term fiscal sustainability roadmap. Therefore, the Committee has approved the following as action points for the next financial year to manage the County debt: -
 - Debt Restructuring
 - Enhanced Revenue Mobilization
 - Debt Swaps and settlement arrangements
 - Establishment of a dedicated Debt Collection Unit
 - Establishment of Debt Oversight Committee

III.SCRUTINY OF THE COUNTY FISCAL STRATEGY PAPER FOR THE FY 2025-26

3.1. INTRODUCTION

1. **Mr. Speaker Sir,** the provisions of Standing Order 227 of Nairobi City County Assembly requires that the report of the Finance, Budget and Appropriations Committee on the County Fiscal Strategy Paper shall include a schedule of overall projected revenue and ceilings recommended for the County Government and County Assembly and where necessary the total sums of each Vote and the allocations for each programme for the fiscal year in question. The consideration of the County Fiscal Strategy Paper for the coming financial year shall therefore focus on delivering the strategic priorities for the various sectors as well as the accompanying budgetary ceilings.
2. **Mr. Speaker,** the guiding law in drawing up this paper requires that the County Treasury shall seek and take into account the views of the Commission on Revenue Allocation, the National Treasury and members of the public among other relevant stakeholders. These deliberations are meant to smoothen the road towards implementation of County budget through robust strategies and fiscal projections that are beyond reproach. While the County Assembly had resolved severally in past that proof of such deliberations be submitted to the County Assembly for information purposes, the Committee once again noted the said information was not attached to the submitted document. The Committee shall not tire to recommend that the same be made available in the subsequent budget documents.
3. **Mr. Speaker Sir,** Parts III of the PFM Regulations 2015 provide a number of issues to consider during the preparation and approval of the CFSP for any financial year.
In summary, the provisions provide the following among others: -
 - i. *Expenditure on wages and salaries shall not exceed 35% of total county revenues;*
 - ii. *The County public debt shall never exceed 20% of county governments total revenue at any one time;*
 - iii. *The approved expenditures of the CA shall not be more than the lower of 7% of total county revenues or twice personnel emoluments (overridden by recurrent ceilings approved by the Senate in the County Allocation of Revenue Act)*
 - iv. *County Government expenditure on development shall be not less than 30% of total county budget;*
and

v. The ceiling for the development and personnel spending of the County government budget shall be approved by the County Assembly and shall be binding for the next two budget years.

4. **Mr. Speaker Sir**, the CFSP for 2025 has been divided into 5 parts with Chapter I providing introduction, rationale behind financial planning and the legal framework underpinning the preparation of the Fiscal Strategy Paper for the fiscal period 2025/2026. The Chapter also provides a walkthrough on the journey that the County Executive traveled in coming up with the CFSP, the legal shield that guided that process as well as the place and value of the CFSP in the annual budget calendar.
5. **Mr. Speaker Sir**, the second chapter gives an overview of the macro-economic policy framework and summarizes the Global Economic Prospects/outlook of the County in relation to the National and International sphere. The Chapter highlights economic factors like GDP growth, inflation, interest rates, exchange rates and other related economic parameters that are likely to affect the County's fiscal space. Chapter recognizes the desire for Nairobi County's performance which plays a significant influence on the country's general performance since its singly the largest contributor to the country's economy at over 20% of the Gross County Product and well- being and calls for concerted effort together with the national government to ensure that Nairobi City County satisfactorily achieves its mandate. The Paper once again appreciates that the success of Nairobi City County is a success for the whole Country and everyone has a stake and a responsibility to ensure provision of a smooth launching pad for the intended strategies and priorities.
6. **Mr. Speaker Sir**, Chapter III highlights the achievements for various County departments over the FY 2023-24 and the first half of the FY 2024-25 with mitigating measures likely to bump the budget implementation roadmap also proposed.
7. **Mr. Speaker Sir**, Chapter IV details the Resource and Expenditure Framework 2025/26 - 2027/28. This chapter outlines the County's guiding policy on expenditure, the resource envelope, expenditure and revenue projections. It also outlines the broad strategic and development priorities as well as the policy goals that the sectors will be pursuing for the FY 2025/26 and over the medium term. To improve the fiscal space, non-discretionary

expenditure has been given priority, while at the same time a reduction of non-essential expenditure has been explored as a methodology to free up more resources for development in the medium term. The Paper is clear that in allocation of resources preference shall be accorded to non discretionary items, development expenditure, ongoing projects, Governor's manifesto, CIDP priorities as well as issues arising from public participation. 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. Through these strategies, the County Treasury commits that in the FY 2025-26 it shall roll out effective measures on expenditure management, management of the county wage bill, management of the county debt and resource mobilization. The Chapter is vocal that going forward the County shall tune its antennae to the untapped area of Green Financing where it envisions to issue green municipal bonds, establish Nairobi Green Infrastructure Fund, venture into Carbon credits and climate financing, redirect the axe of taxation away from green investments as well as exploit the many international grants and development partners with interest in the green space. The Chapter has also outlined the challenges facing optimal realization of revenues from the key revenue streams, hindrances to budget absorption and proposed action points to be implemented as an ingredient to realize the budget of Kshs. 45.4billion target. Lastly the Chapter has taken walk down the memory lane on previous budget performances.

8. **Mr. Speaker Sir**, Chapter V provides for the Fiscal Responsibility and Fiscal Risk and sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. In line with Section 107 of the PFM Act, 2012 the Paper has identified county revenues vs expenditures, absorption of development budget, county wages, county debt and levies as deterrents to the full compliance to the fiscal responsibility principles. It also highlights on the diverse risk that faces the County in discharging its constitutional mandate as well as corresponding antidotes that would nip such risks in the budget.

3.2. REVIEW OF COMPLIANCE OF THE COUNTY FICAL STRATEGY PAPER 2025-26 TO THE PREVAILING LEGISLATION

- 9. Mr. Speaker Sir,** the various laws in the republic have comprehensively detailed the need for accountability and reporting as the basic tenets in utilization public resources. The County Assembly is mandated to verify that budget documents submitted to the County Assembly have met the statutory threshold set by the such statutes. The Courts have adjudicated and set binding precedence on how the public should be consulted on all issues related to development of policy including the budget making process. The County Assembly has also previously delved into this matters and documented the processes on the need to carry-out comprehensive public participation, thorough consultation with every sector regarding their priorities and finally the approval of the document by the County Executive Committee. It's important to note that conducting such engagements form the cornerstone that inspire the document and ownership by the stakeholders that it anticipate to assist. Consequently, while the paper alludes that there was consultation to a certain degree, evidence of such consultation was not provided and the committee once again remain skeptical on whether this is the true position. The Committee has agreed with the County Treasury that there is need to always document the result of views arising from public participation as a way of informing the County Assembly on the extent to which the various views arising from the electorate were received and incorporated in the document under consideration.
- 10. Mr. Speaker Sir,** on the timelines for submission of the CFSP to the County Assembly, the Committee noted during the consideration of the CFSP that the paper was submitted within the required timeline of 28th February 2025. However, the Committee could not ascertain the extent of involvement of the respective CEC members of the different Sectors during the preparation of the paper as there were no attachment to the submitted document showing that such engagement indeed took place.
- 11. Mr. Speaker Sir,** the provisions of the PFM Act has underscored the importance of programme based budgeting with one of its key advantages being that it allows stakeholders in the budget process to link inputs to outputs and ensure that implementation of budgets

remains focused on impact. The Committee noted that the submitted CFSP had not broken down the Sector ceilings by programmes making scrutiny by the Sectoral Committees an impossible task. Whereas, this information was later provided following the request by the Committee, the Committee wishes to inform the County Treasury to always ensure that they abide by this standard practice when submitting all budget documents to the County Assembly for approval or consideration.

- 12. Mr. Speaker Sir,** provisions of Section 117 of the PFM Act, 2012 require that the CFSP specifies the broad strategies and policy goals that will guide in budget preparation; financial outlook with respect to County Government revenues; expenditures and borrowing for the next financial year and the medium term, the total resources to be allocated to individual programmes and projects within the various sectors in the County; the proposed expenditure ceilings for the two arms of government; statement of fiscal risks and their effects on policy assessment of current state of county economic environment. Whereas the Committee commends the County Treasury for having provided information on the above in the submitted CFSP, challenges still remain in ensuring that the County's expenditure on wages and salaries fall below 35% of total revenues and that the County public debt does not exceed 20% of total revenues. The Committee noted that by and large the Paper has met the minimum statutory threshold required of it by the provisions of the PFM Act, 2012 with any areas that require improvement highlighted in other parts of this report for further amendment.

3.3. BUDGET CEILINGS FOR THE FY 2025-26

- 13. Mr. Speaker Sir,** the submitted CFSP has defined the financing model for the County budget for the next financial year with projections from different revenue sources, the expenditure limits for individual sectors as well as the rules for prioritizing resource allocation clearly stipulated. The CFSP indicates effort for continued resource allocations towards earmarked expenditure lines like Wards Development Programme, Emergency Fund, the School Feeding Programme, and the rolling out of the Bursaries Programmes.

14. Mr. Speaker Sir, the overall County budget for the FY 2025-26 is projected to be Kshs. 45.43billion out of which Kshs. 31.84billion shall be directed towards recurrent while Kshs. 13.56billion shall be for development expenditures. The projected budget implies that the overall budget is projected to increase by Kshs. 1.6billion compared to the approved Supplementary 1 Budget for the FY 2024-25. Out of this projected expenditure, personnel emoluments are projected to consume Kshs. 19.4billion or about 42.7% of the overall budget. The budget for the County Assembly is projected at Kshs. 3.6billion, a figure representing an increase of more than Kshs. 400million compared to the figure submitted last year during consideration of CFSP.

15. Mr. Speaker Sir, the County Treasury has proposed to allocate the highest amount of the budget to the Health and Wellness Sector at Kshs. 12.11billion. This is meant to ensure an efficient health services through upgrading of the health infrastructure, strengthening community health services, avail enough medical supplies as well as address nutrition among children through the school feeding programme. The allocation for Ward Development Programme is capped at Kshs. 2.03billion, Emergency Fund has been allocated Kshs. 200million whereas the liquor licensing board has been granted Kshs. 360million as Appropriation-in-Aid.

16. Mr. Speaker Sir, to ensure the implementation of programmes on solid waste management and access to clean water, the Environment, Water and Natural Resources will be allocated Kshs. 3.96billion. The Finance and Economic Planning Sector that is mandated to ensure prudent management of public resources will be expected to utilize Kshs. 3.17billion while the County Assembly in its endeavor to deliver on its triple role of legislation, oversight and representation has an allocation of Kshs. 3.6billion.

17. Mr. Speaker Sir, to make sure the county implements inspectorate and investigative services, supports Boroughs & Sub County Administration and improve effectiveness of the Internal Audit & Risk Management department, quick response to disasters, ensure smooth running of the Office of the Governor, Boroughs and Public Administration is expected to utilize Kshs. 5.15billion. The Public Service Management Sector which is mandated for the management, development and transformation of the County's human

resource capital and maximization of employees' performance has been allocated a total budget of Kshs. 2.21billion.

- 18. Mr. Speaker Sir,** in the coming financial year, the County purposes to enhance revenue collection through robust revenue mobilization strategies through the traditional methods like maintenance of a proper statistical data but also the County intends to cast her revenue net wider by tapping in alternative financing mechanisms that shall see more of Public Private Partnerships, Green Financing, capital markets, grants and donor funding. The internal revenue projections for FY 2025-26 is projected at Kshs. 23.86billion an increase of about Kshs. 3.4billion from the amounts contained in the annual budget estimates for the FY 2024-25.
- 19. Mr. Speaker Sir,** financing the county budgets in full has remained pipe dream over the years and biggest hindrance to this goal has been the continued under performance in own source revenue since the inception of the devolved system of government. As at the mid of the current Financial Year, the County had collected Kshs. 4.81billion equivalent to 23% of the target for the entire financial year. The County Assembly had recommended a number of strategies that were aimed to enhance internal revenue collection and the Committee opines that effective implementation of the said strategies remains vital for the County to realize the OSR target of Kshs. 20.41billion in the current financial year. The Committee has urged the County Treasury and indeed all Sectors to take their place and the revenue mobilization table to ensure that any request for funding is linked to realization of individual revenue targets assigned through the annual budget.
- 20. Mr. Speaker Sir,** in this regard therefore, to ensure that the Sectors ceilings are realistic and within most achievable resource envelop, the Committee would be making recommendations on the same to this House for adoption.

3.4. SUBMISSIONS FROM THE MEMBERS OF THE PUBLIC

- 21. Mr. Speaker Sir,** the provisions of Article 196 (1) (b) of the Constitution and the County Assembly Standing Orders require that the Assembly shall consider the views of the public

in its legislative process. In compliance to these provisions, the County Assembly placed adverts on the newspapers of Thursday 6th March 2025 calling on members of the public to submit their views on the CFSP. The public participation on the document was undertaken on Wednesday 12th and Thursday 13th March 2025 across the various sub counties with relevant documents submitted to the public and uploaded on the website for access by Members of the public. The submissions by the Members of the public have been taken into account in this report and a separate report detailing the views from the public shall be submitted to this House for noting.

3.5. SUBMISSIONS FROM SECTORAL COMMITTEES

22. Mr. Speaker Sir, the provisions of Standing Order 205 (6) and 227 (4) decree that the Budget Committee shall invite Chairpersons of all Sectoral Committees to make presentation during consideration of the budget. In this process, the Sectoral committees of the County Assembly have an integral duty of not only ensuring that the resources allocated to departments within their watch are sufficient for the intended sector priorities but also to confirm to this Assembly that there is value for money in all such endeavor. Further the Sectoral Committees are expected to validate the sector achievements and the viability of any mitigating measures. After considering the contents of Paper in line with their respective mandates as outlined in Standing Order 227, the Committees are then required to submit their recommendations to the Finance, Budget and Appropriations Committee. In this regard, therefore the Budget Committee commends all those Sectoral Committees who diligently reviewed their sector programmes, priorities and budget ceilings for the FY 2025-26.

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

A. HEALTH SERVICES

- That the sector to Operationalize level 4 health facilities to boost the implementation of primary care networks, strengthen referral system and improve primary health care services in the County.
- That the Sector to purchase health products and technologies to boost implementation of services at primary healthcare facilities.

- That the Sector to equip health facilities across the County to enhance client/ patient experience and increase revenue generation.
- That Operations and Maintenance be granted an addition of Kshs.200 million.
- That Personal emolument be granted an additional of Kshs.300 million to support health staff over 3,000 staff that were employed by USAID/ CDC programs under the health sector.
- That Sector be added Kshs.700 million for the non-discretionary items.
- That Kshs.1.3 billion be used to complete the stalled projects and further consider key priority new capital projects.

B. JUSTICES AND LEGAL AFFAIRS

- That the County to develop policy measures where procurement of development projects is done in the first quarter of the Financial Year.
- That the County Procurement Department be decentralized to Sector levels to avoid the long procurement processes that impede timely implementation of projects.
- That the County Treasury to disburse funds to the Sector in time to avoid delays in completion of projects.
- That the Sector to establish measures to reduce roll over projects in every Financial Year.
- That Donor and Stakeholder Engagement Directorate be the only central point of Public-Private Partnerships in the County and produce quarterly reports on how and what the Directorate has added to the revenue basket.
- That any potential roll over project from the current FY be given first priority.
- That the Sector to ensure realization of the projected and targeted revenues.
- That the Sector to ensure Monthly and quarterly reviews of programmes implementation.
- That the accumulation of legal fees and decrees should be reduced.
- That the coordination of all donor engagements be undertaken by the Office of the Governor through the Donor and Stakeholder Engagement Directorate to improve accountability.

- The ceiling for Executive management be increased by Ksh.90 million to a new ceiling of Ksh.170.55 million to enhance compliance of statutory requirements on the County Government and improve hospitality and protocol in engagement of government affairs.
- The ceiling for Donor coordination & Stakeholder engagement be increased by Ksh.30 Million to a new ceiling of Ksh.73.4 million to facilitate the development of a Legal Framework for coordination and management of external resource mobilization efforts in the County.
- The ceilings for Inter-Governmental Relations be increased from ksh.17.1 million to a new ceiling of Ksh.27.1 million for coordinating forums held between the Inter-Governmental Relations Technical Committee, Council of Governors and National Government Agencies to enable sound relationship between the County and inter-governmental organizations.
- That the Sub-Sector to declare all donors under the Health, Wellness and Nutrition Sector, Green Nairobi Sector, Mobility and Works Sector and Built Environment and Urban Planning Sector within seven days after adoption of this report.
- That all conveyancing functions and attendant budgetary allocations be domiciled in the Office of the County Attorney.
- That the County Secretary & Head of Public Office be allocated an additional Kshs.372.4 million for recurrent expenditure.
- That the Office of the County Attorney be allocated an additional Kshs.1.157 billion for recurrent to settle pending bills.
- That the Borough & County Administration be allocated additional Kshs.144.7 million for recurrent and Kshs.994.1 million for development.
- That the Office of the Governor be allocated additional Kshs.573.1 million for recurrent and development of Kshs.180 million and Kshs.150 million for construction of the Governor's resident and Deputy Governor's residence respectively.
- That under the Administration, a new capital project for construction of Records Management Block next to Buruburu Police Station be allocated Ksh.50 Million.
- That the Internal Audit recurrent allocation be increased by Kshs.34.3 million for recurrent expenditure.
- That the Security & Compliance sub sector be allocated additional Kshs.232 million for recurrent and Kshs.307.3 million for development.

C. ENVIRONMENT AND NATURAL RESOURCES

— That the Environment Sub Sector be allocated an additional recurrent amount of Kshs.1.14 billion and development amount of Kshs.546 million totaling to 1.69 billion to be distributed as follows;

I. Recurrent expenditure of Kshs.1.14 billion.

- That Administration be allocated Kshs.100 million
- That Solid Waste Management be allocated Kshs.885 million.
- That Climate change & Air Quality be allocated Kshs.40 million.
- That Parks and Open Spaces be allocated Kshs.100 million.
- That EMCE be allocated Kshs.20 million for establishment of Environmental lab.

II. Development expenditure of Kshs.546 million.

- That Kshs.100 million be allocated to Construction of 2No. of Material Recovery Facilities
- That Kshs.54 million be allocated to procurement of 3No. of Refuse compactors
- That Kshs.18 million be allocated to procurement of 40No. assorted skips.
- That Kshs.7 million to allocated to procurement of 1No. of pick-up.
- That Kshs.80 million be allocated to procurement of 2No. of bulldozers.
- That Kshs.60 million be allocated to procurement of 2No. of excavators.
- That Kshs.55 million be allocated to procurement of one landfill compactor.
- That Kshs.15 million be allocated to Construction of a boundary wall around the new office block at Dandora dumpsite.
- That Kshs.20 million be allocated to Construction of a ramp and platform for the old weigh bridge.
- That Kshs.14 million be allocated to procurement of 2No. of surveillance vehicles (double cabs).
- That Kshs.30 million be allocated to development of 1No. policy, bill and regulations.
- That Kshs.43 million be allocated to Retrofication of Jeevanjee gardens.
- That Kshs.50 million be allocated to Improvement of Langata Cemetery.

D. WARD DEVELOPMENT PROGRAMME

- That the recurrent allocations be increased by Kshs.21.8 million and development expenditure be increased to Kshs.5.1 billion.

E. LANDS, PLANNING AND HOUSING

- That the Administration (Personnel emoluments & O & M) be granted an additional Kshs.23 million for recurrent expenditure.
- That the Urban Development & Planning be granted additional Kshs.390.2 million for recurrent and Kshs.255 million for development.
- That Lands be granted additional Kshs.306 million for recurrent and Kshs.22 million for development.
- That Housing and Urban Renewal be granted additional Kshs.135 million for recurrent and Kshs.551 million for development.

F. CHILDREN EARLY CHILDHOOD EDUCATION & VOCATIONAL TRAINING

- That the Sector total budget to remain at Kshs.2.2 billion but be distributed as follows;
 - Operation and Maintenance be allocated a total of Kshs.66.3 million.
 - Personnel Emolument be allocated a total of Kshs.886.1 million.
 - Capital Development be allocated a total of Kshs.270 million.
 - Bursary & Scholarship be allocated a total of Kshs.857.2 million.
 - Free ECDE capitation be allocated a total of Kshs.128 million.

G. AGRICULTURE LIVESTOCK AND FISHERIES

- That the Sub-Sector be granted an additional of Kshs.87.7 million on its recurrent ceiling to facilitate recruitment of 118 technical staff at Kshs.79.6 million and Kshs.8.1 million for internal promotions of 21 staff.
- That the Sub-Sector's development ceilings be approved as proposed in the CFSP 2025/2026.
- That in summary the Sub- Sector's ceilings be Kshs.341.2 million for recurrent and Kshs.156.5 million for development totaling to Kshs.497.7 million.

H. ENERGY & INFORMATION COMMUNICATION TECHNOLOGY

- That the recurrent and development ceilings for the Innovation and Digital Economy Sector be approved as proposed in the CFSP 2025/2026.

I. WATER AND SANITATION

- That the Sub Sector be granted an additional Kshs. 75.5million for completion of Water and Sanitation Policy

J. LABOUR AND SOCIAL WELFARE

I. County Public Service Board

- That the County Public Service Board be granted an additional of Kshs.118 million.

II. Public Service Management

- That the Public Service Management be granted an additional of Kshs.2.2 billion.

III. Gender and Inclusivity

- That the Gender and Inclusivity be granted an additional of Kshs.360.9 million.

IV. Youth Affairs

- That the Youth affairs be granted an additional of Kshs.18.7 million.

K. TRADE TOURISM AND COOPERATIVES

- That Trade Tourism and Cooperatives be granted an additional of Kshs.2.8 billion.

L. TRANSPORT AND PUBLIC WORKS

- That the Sector adopts specific approach during the preparation, consolidation and submission of planning documents.
- That the sector adopts a collaborative working strategy with the County treasury in order to prepare and submit harmonized and coherent planning documents that contain financial and non-financial data.
- That expeditious procurement and financial processes for quick payments to mitigate pending bills and stalled projects.
- That the allocation for fuel and fleet management be distributed to each Sector on a need

basis.

- That the Mobility and Works Sector recurrent ceiling be increased from Kshs.980 million to Kshs.1.8 billion and development ceiling from Kshs.1.72 billion to Kshs.3.6 billion.

M. CULTURE AND COMMUNITY SERVICES

I. Disaster Management and Coordination

- That the sub sector be granted an additional Kshs.90.3 million.

II. Liquor Licensing Board

- That the sub sector be granted an additional Kshs.40 million.

III. City Culture Art and Tourism.

- That the sub sector be granted an additional Kshs.243 million.

IV. Public Participation, Citizen Engagement & Customer Service

- That the Sub-Sector be granted an additional amount of Kshs.215 million to be distributed as recurrent of Kshs.165 million and development at Kshs.50 million.

V. Youth and Sports

- That the sub sector be granted an additional Kshs.348 million.

VI. Social Services

That the Sub sector be granted an additional budget of Kshs.92.4 million

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

24. Mr. Speaker Sir, during the consideration of the CFSP, the Finance, Budget and Appropriations Committee held deliberations with the County Treasury, Chairs of Sectoral Committees and the various Sectors in a bid to come up with the specific sectors priorities and ceilings. This section of the report has endeavored to report on the observations that the Committee made during this process as well as mechanism that could be employed to curb the gaps identified. Generally, the desire for allocation of more resources across sectors seemed to be a cross cutting issue among the sectoral submissions and the Committee having considered the resource envelope available would be recommending that some of

the priorities be shelved with a view to have them considered in the subsequent financial year (s) should more resources become available.

25. **Mr. Speaker Sir**, the Committee noted that the submitted CFSP has not been themed making it difficult to determine the roadmap it wants to travel with resources being allocated unlike National Government Budget Policy Statement (BPS) 2025 themed as “***Consolidating Gains Under Bottom-Up Economic Transformation Agenda for Inclusive Green Growth***”. The extent to which the Paper is aligned to the Budget Policy Statement could therefore not be determined despite the overall County budget for the FY 2025-26 being proposed to equal Kshs. 45.43billion. It is noteworthy that upon request and follow up by the Committee the County Treasury submitted the over anchoring theme of the Committee as revolving around “***Fostering long-term economic growth for shared prosperity***” with guiding philosophy of leaving no one behind. Review of the overall CFSP led the Committee to the inevitable conclusion that there were attempts by the County to redirect its energies towards the path of green growth as is the case with the BPS.

26. **Mr. Speaker Sir**, the consideration of this CFSP has been undertaken on the backdrop of the County achieving the highest revenue collection at Kshs. 12.8billion in the financial year 2023-24. Despite this result being about 35% of the mark, the CFSP proposes to the OSR projections by Kshs. 3.8billion to Kshs. 23.49billion compared to the figures in the approved original budget for the FY 2024-25. This is with the view that the implementation of the proposed revenue mobilization strategies will enable the County to realize the full amount. The Committee observed that in a bid to finance the proposed budget the County anticipates to collect Kshs. 23.49billion being the highest target since the rolling out of the devolved system of government, receive Kshs. 20.98billion as equitable share plus an additional amount to the tune of Kshs. 590million as conditional grants. The Paper has proposed a number of extra revenue measures and alternative financing mechanisms to support the County budget operations including possible issuance of green bonds, public private partnerships, grants and donations among others. Further, during the deliberation on the paper, the County Treasury fronted alternative approach to realize the internal revenue projections key among these being regularization and fastracking building approval processes, expanding GIS-based Valuation Roll, leveraging on technology to

track and minimize revenue leakages, increasing the number of rated properties as well as strengthening debt recovery efforts.

27. Mr. Speaker Sir, the Committee was surprised by the Half Year Revenue and Expenditure Report from the County Treasury that indicated the County collection stood at Kshs. 4.81billion as at 31st December 2024 against an annual target of Kshs. 20.41billion. Moreover, the status of roll out of majority of the conditional grants was indeterminate at the end of the half year while at the same time failing to document all the conditional grants/additional allocations in the Paper.

28. Mr. Speaker Sir, the Committee noted that issues of budget absorption especially for development budget remain unresolved. The Budget Policy Statement 2025 remains critical of the continuous culture where Counties are shying away from spending resources on development with only 9 counties meeting the legal threshold of 30% in the previous financial year and Nairobi County spending only 10.3% on development against the total actual expenditure. The expenditure on capital projects did not show any improvement in the current financial year with the Half Year Revenue and Expenditure Report indicating that out of allocation of Kshs.14.25billion earmarked for development initiatives only a meagre Kshs.739.6million translating to 5% had been committed. The Committee was informed during these deliberations that there has been considerable acceleration in the absorption of development budget in the second half of the financial year and therefore we look forward to more positive reports in the subsequent disclosures from the County Treasury and the Controller of Budget.

29. Mr. Speaker Sir, the County debts and pending bills has remained a burden in the county books since the commencement of devolved system of government. These has also derailed the positive intentions towards the adequate allocation and implementation of development priority programmes in the past financial years thereby putting the county at loggerheads with the attendant legal provisions that guides the proportion of budget set aside for recurrent and development expenditure. The Committee noted that the County Treasury had made effort in the past to lessen the weight of this monster from the County shoulders with allocation Kshs. 2.1billion and Kshs. 1.7billion in the Financial Years 2023-24 and 2024-25 respectively. However, despite having gotten off the blocks nicely, in the

FY 2025-26 the paper proposes an allocation of Kshs. 400million towards pending bills against total outstanding debt of Kshs. 99.58billion as at the end of the financial year 2023-24. The Committee is of the view that enhancing the resources towards settling the County financial obligations will not only reduce the County's burden but also reflect positively on the papers rationale of promoting initiatives that stimulate job creation, entrepreneurship and investment in key sectors of the economy. The Committee intends to remedy this situation in the budget estimates by ensuring that its puts it money where its mouth is so that debt management allocations match the strategies contained in the DMSP 2025.

30. Mr. Speaker Sir, the Committee observed that the paper had not specified the direct strategies that intends to tackle the ballooning wage bill and ensure steadies towards the 35% threshold by June 2028 as recommended during the National Wage Bill Conference of 2024. The CFSP indicates that the allocations for personnel emoluments are expected to consume about Kshs. 19.4billion in the next financial year excluding any amounts for rolling out of the Collective Bargaining Agreement, new recruitments, promotions and confirmation of those in acting positions. It is the view of the Committee that this trend is not sustainable and the time to act to reverse this is now. On further engagement with County Treasury the Committee was informed that the County plans to freeze new recruitments, undertake functional review of all departments, conduct payroll audits, introduce voluntary early retirement programme and strengthen internal controls among other measures to achieve the said target. **Mr. Speaker Sir,** while it is worthwhile to appreciate the good intentions of the County Treasury to curtail the bloated wage bill, the Committee remains skeptical on the implementation of these strategies as similar ones were fronted in the past budget documents without any significant impact. In other parts of this report the Committee has emphasized that these strategies be immediately rolled out and report on their implementation be periodically shared with the relevant Sectoral Committee.

31. Mr. Speaker Sir, the amount projected for non-discretionary items stands at Kshs.5.3 billion with the Medical insurance & WIBA allocated the highest amount at Kshs.1.65 billion followed by the School feeding programme at Kshs.1 billion. The committee noted that the amount is an increase by Kshs.200 million of the amount approved in the budget

estimates FY 2024-25. The paper proposes to allocate Bursaries & Scholarships & Capitation for free ECD Kshs.985.2 million, Fuel for all sectors and KPLC Kshs.460 million and Emergency services for all sectors Kshs.150 million. It's crucial to highlight that, the amount allocated for Kenya Devolution Support Programme II conditional grant has increased from Kshs.37.5 million to 390 million, an indication that the County government has complied with most of the conditions facilitating access to the grant.

32. Mr. Speaker Sir, the budget ceiling allocated for school feeding programme which is the Governor's flagship project is Kshs.1billion. This is an increase by Kshs.200 million compared to the amount allocated in the Supplementary Budget FY 2024-25. The paper presents the allocation of Bursaries, Scholarships & Capitation for free ECD at Kshs.985 which is an increase by about Kshs.100 million of the amounts in the Supplementary budget FY 2024-25. The increase is meant to cater for the increasing population of children enrolling to schools in the County. Additionally, the Liquor Licensing Board has been allocated Kshs.360 million representing an increase by Kshs.28 million compared to the amounts in the Supplementary estimates in the current financial year of Kshs.332 million.

33. To drive infrastructural growth within the County, **Mr. Speaker Sir,** the total development budget for Mobility and Works is forecasted at Kshs. 2.8billion. Similarly, the allocation for the WDP is projected at Kshs. 2.03billion an amount that is a decrease of Kshs. 212million in comparison with the amount allocated in the Supplementary budget 2024-25. The WDP being a key driver for implementing the priorities for the 85 wards has had challenges of pending bills and rolling over of projects over the years. This has in turn raised uncertainties over the likelihood of implementing the priorities for the programme contained in the CIDP 2022-2027 and the Ward Development Committee has proposed for the enhancement of the Fund by an additional Kshs. 4billion to take care of pending bills and any potential roll over projects to the next Financial Year.

34. Mr. Speaker Sir, the paper projects that the transfers to the County Assembly for both recurrent and development to be Kshs. 3.6billion. The figure is an increase of Kshs. 700million compared to the amount allocated in the Supplementary Budget 2024-25 of Kshs. 2.9billion. The paper proposes the development expenditure at Kshs. 1.455billion which is in line with the figure in the approved ADP 2025-26. The priority areas for the

County Assembly in the FY 2025-26 according to the approved ADP included construction of Ward Offices at Kshs. 600million, acquisition of County Assembly complex at Kshs.750million, acquisition of Speakers residence at Kshs. 50million and digitization of County Assembly services and infrastructure at Kshs. 45million. Previous reports indicate that whereas the County Assembly has requested for huge resources for development in the CFSP ceilings and annual estimates, supplementary budgets have been used to cut down the allocations thereby making the figures so requested nothing short of wishful thinking. However, considering that development priorities for the County Assembly have been rationalized in previous budgets, the extent of takeoff of knocked off priorities going forward cannot be determined. The Committee urges the County Assembly Service Board to find solutions for the challenges affecting absorption of its development budget and ensure that all allocations are utilized in the next financial year.

- 35. Mr. Speaker Sir,** on consultation with the County Treasury on the Grants management, the Committee was informed that the County Treasury has put some measures to ensure that all grants and donations are declared and included in the budget estimates. The measures include the issuance of guidelines to all accounting officers requiring full disclosure of all confirmed grants and donations supported by any memorandum, maintenance of a register of all confirmed grants and donations in the office of the County Executive Committee Member of Finance and including all confirmed grants and donations in the budget and monitoring utilization of all donations and grants. The County government has not succeeded in putting measures to ensure that there is adequate disclosure in the administration and management of Grants and donation received despite having legislation governing the same. The Grants received through the County Revenue Fund ought to be managed in accordance with Sections 138 and 139 of the PFM Act 2012 and the attendant regulations. The Committee also noted that the paper proposes that the County Government shall receive grants of Kshs.390 million and Kshs.200 million from Kenya Support Devolution Programme II and Kenya Informal Settlement Improvement Project II respectively. However, given that the Committee could not ascertain the source of this information it recommends that the figures be tightened once the National legislations on such transfers are approved by Parliament of Kenya.

36. Mr. Speaker Sir, the CFSP has provided the priority areas by indicating that in the coming financial year the County Government shall prioritize enhancement of road infrastructure, strengthening community health, increasing access and retention in early childhood development and education (ECDE), policies on expenditure management, ensuring value for money procurement, strengthening internal financial controls, management of County wage bill to fall below the 35% legal threshold, full implementation of debt management strategy paper and vigorous resource mobilization strategies. The paper further intends to mitigate fiscal risks resulting from economic shocks by expanding revenue base and increasing tax compliance, full implementation of the County Debt Management Strategy Paper, 2025, embrace technology to reduce reliance on human labor and customization and implementation of Public Investment Management to improve absorption for development budget. The Committee notes that these are progressive ideas that if implemented with the necessary zeal have the multiplier effect of catapulting the County to a city worth its peers.

37. Mr. Speaker Sir, on projected cash balances to be carried forward from the current financial year the Committee noted that the same had not been included in the ceilings hence the Committee has made a deliberate move to estimate them. Historical data indicates that the figure for Cash Balances brought forward has rotated around Kshs. 1billion with the figure standing at Kshs. 1.3billion, Kshs. 994million and Kshs. 1.5billion in the FYs 2022-23, 2023-24 and 2024-25 respectively.

V. RECOMMENDATIONS

a) POLICY MEASURES

Cross- cutting measures

1. That the Nairobi City County Government implements and finalizes previously budgeted for projects before initiating new ones
2. That the targets across all Sectors be harmonized to be in tandem with the resources available for their realization.
3. That the Nairobi City County Government through the Procurement Department shall ensure that all procurement of good services is undertaken within the first quarter of any financial year.

4. That in order to facilitate (3) above, all preliminary activities related to procurement including feasibility studies, preparation of BQs, market surveys among others shall be undertaken prior to inclusion of development priorities in the draft budget estimates submitted to the County Assembly for approval.
5. That going forward the County Executive Committee Member for Finance shall submit as part of budget documents for approval by the County Assembly information on engagement of stakeholders required by the relevant Sections of the PFM Act, evidence of approval of the relevant document by the County Executive Committee and evidence of engagement by the various Sectors in preparation of the documents.

County Treasury/ Finance and Economic Affairs Sector

1. That in compliance with the provisions of Section 127 of the Public Finance Management Act, 2012, the County Executive Committee Member for Finance shall submit to the County Assembly as part of budget documents required under Section 130 of the Public Finance Management Act, 2012 the Annual Cash Flow Plan segregated by quarters in the financial year.
2. That the County Treasury undertakes enough capacity building of officers in readiness for the transition from cash to accrual accounting.
3. That the County Treasury continues the comprehensive audit of the authenticity of pending bills/ debts with a view of determining the actual stock of unpaid bills and that the report be shared with the County Assembly in the first quarter of the next financial year.

Public Service Management and County Public Service Board

1. That not later fourteen days after adoption of this report and prior to the formulation of the budget estimates for the FY 2025-26, the Public Service Management Sub Sector, the County Public Service Board and the County Treasury shall rationalize the costs for compensation of employees with a view of determining actual payroll expenses based on officers in post and include any savings as part of the ceilings contained in Schedule II of this report.
2. That the Public Service Management Sub- Sector and the County Public Service Board shall not later than 30th September 2025 submit to the County Assembly a report on the extent

of implementation of the following wage bill management strategies contained in the CFSP 2025: -

- Freeze on new recruitments for non-core areas
- Functional review of departments
- Human resource audit
- Voluntary early retirement programme
- Strengthening internal control on payroll payments
- Enhanced budgetary control around recruitments

Boroughs, Sub County Administration and Personnel

1. That the County Attorney, the Chief Officer for Finance and the Chief Officer responsible for Disaster Management immediately, and in case not later than three months after the adoption of this report, undertakes review of the Nairobi City County Disaster Management Act, 2025 and the PFM (Emergency Fund) Regulations with an aim of harmonizing their contents and getting rid of implementation challenges.
2. That all donor support, partnerships meant to augment budgets and conditional grants shall be managed in strict compliance with the provisions of Section 119 of the PFM Act, 2012 and Regulation 82 of the PFM (County Governments) Regulations, 2015.
3. That as part of the budget making for the FY 2025-26, the County Executive Committee Member for Health, Wellness and Nutrition shall facilitate the Director, Donor Coordination and Stakeholder Engagement with information on nature, quantum and conditions of all partnerships and extra budget support due to the Health Sector for the FY 2024-25.
4. That the County Treasury shall ensure that all grants, donations, partnerships and any form of budget support due to the County Government, including those in (3) above, are declared, budgeted for and appropriated in the budget for the FY 2025-26 in line with the provisions of law.
5. That the Office of the County Attorney shall ensure that all contractual arrangements meant to augment the county budgetary resources are reviewed and approved by the County Executive Committee before commencement of such engagements.

Public Participation

1. That all activities related to Public Participation be undertaken by the Sector on Inclusivity and Public Participation.

b) REVENUE PROJECTIONS

1. That the overall revenue figures be approved as contained in Schedule I including additional Kshs. 1billion as projected cash balances from the current financial year and Kshs. 40million for liquor licenses.

c) EXPENDITURE CEILINGS

1. That taking into consideration the following amendments on the individual Sector priorities and corresponding allocations, the revenue and expenditure ceilings on Schedule I and II attached to this report forms the basis for the FY 2025-26 budget.
 - a) That an additional Kshs. 350million be provided for development related pending bills under Finance and Economic Affairs Sector.
 - b) That an additional allocation of Kshs. 50million be provided for Purchase of Uniforms under Security and Compliance;
 - c) That the development allocation for Environment Sub- Sector be increased by Kshs. 100million.
 - d) That the recurrent allocation for the Environment Sub- Sector be increased by Kshs. 330million.
 - e) That the recurrent allocation for Water Sub Sector be increased by Kshs. 50million.
 - f) That the allocation for liquor licenses be increased by Kshs. 40million.
 - g) That the recurrent budget for the Food, Agriculture and Natural Resources Sub Sector be increased by Kshs. 50million.
 - h) That the development allocation for WDP be increased by Kshs. 200million.
 - i) That the development allocation for Disaster Management and Coordination be increased by Kshs. 50million.
 - j) That the allocation for Business and Hustler Opportunities be increased by Kshs. 300million.

- k) That the recurrent allocation for Urban Planning under Built Environment be increased by Kshs. 50million.
- l) That the development allocation for Health, Wellness and Nutrition be reduced by Kshs. 250million.
- m) That the development allocation for Youth, Talents and Sports under Talents, Skills Development and Care be reduced by Kshs. 200million.
- n) That the development allocation for Social Services be increased by Kshs. 50million and the amount be allocated for construction and equipping of Kariobangi North Social Hall to be renamed after Hon. Joel Munuve.
- o) That the development allocation for ICT Sector be reduced by Kshs. 140million

d) Medium Term Debt Management Strategy

1. That the Assembly approves the debt management strategies underpinning the County Fiscal Strategy Paper 2025 and the budget estimates for the FY 2025-26 as contained in the Debt Management Strategy Paper 2025 subject to the following: -
 - The County Executive Committee Member for Finance shall develop and submit to the County Assembly a framework for settlement of pending bills.
 - That the County Executive Committee Member for Finance shall prior to approval of the budget estimates for the FY 2025-26 submit to the County Assembly a report on the audited and verified historical pending bills.

Mr. Speaker Sir, in conclusion and pursuant to the provisions of Section 117 (6), Section 123 of the Public Finance Management Act 2012 and Standing Order 227 (7) the County Finance, Budget and Appropriations Committee recommends that:

“This County Assembly adopts the Nairobi City County Fiscal Strategy Paper for the FY 2025-26 and the Nairobi City County Debt Management Strategy Paper for the FY 2025-26”

	SCHEDDDULE I: REVENUE PROJECTIONS FOR THE FY 2025-26			
		FY 2024-25		FY 2025/26
		Supp. 1	CFSP (Submitted)	COMMITTEE CFSP (Final)
	REVENUES & CASH BALANCES FROM PREVIOUS FY			
1	Projected Cash Balances from current FY			
2	County Revenue Fund	1,478,245,239		1,000,000,000
3	Road Maintenance Levy Fund	394,866,137		
4	Kenya Devolution Support Programme 1	31,442,137		
5	Liquor Board	38,000,000		
6	Sub-total (CASH BALANCES)	1,942,553,513	0	1,000,000,000
7	External Transfers			
8	Equitable Share	20,179,390,632	20,986,566,257	20,986,566,257
9	Sweden-Agricultural Sector Dev't Support Programme II			
10	Community Health Promoters	224,010,000		
11	CAIP-County Aggregated Industrial Projects	250,000,000		
12	IDA Credit--Second Kenya Devolution Support Programme KDSP II	37,500,000	390,000,000	390,000,000
13	SWEDEN-Kenya Agricultural Business Dev't Project	10,918,919		
14	DANIDA Grant-Primary Health Care in Devolved Context	24,521,250		
15	World Bank -Kenya Informal Settlement Improvement Project II	750,000,000	200,000,000	200,000,000
16	Sub-total (External Transfers)	21,476,340,801	21,576,566,257	21,576,566,257
17	Own Source Revenues			
18	Land Rates	6,750,000,000	7,600,300,000	7,600,300,000
19	Parking fees (total)	3,000,000,000	3,330,000,000	3,330,000,000
20	Unified/Single Business Permits	3,200,000,000	3,687,530,000	3,687,530,000
21	Plans and Inspections (Building Permits)	2,000,000,000	3,070,500,000	3,070,500,000
22	Billboards and advertisements	1,250,000,000	1,212,000,000	1,212,000,000
23	House Rents	600,000,000	606,000,000	606,000,000
24	Fire Inspection Certificates	450,000,000	36,360,000	36,360,000
25	Food Handlers Certificates	300,000,000	303,000,000	303,000,000
26	Markets	560,000,000	565,600,000	565,600,000
27	Other Incomes	1,950,926,033	1,849,310,000	1,849,310,000
28	Liquor Fees	351,000,000	360,000,000	400,000,000
29	Hospitals /NFH		1,236,000,000	1,236,000,000
30	SUB TOTAL	20,411,926,033	23,856,600,000	23,896,600,000
31	Total	41,888,266,834	45,433,166,257	46,473,166,257

SCHEDULE II: COUNTY FISCAL STRATEGY PAPER 2025-26 EXPENDITURE CEILINGS

Vote	Programme	CFSP 2025 CEILINGS ALLOCATION			COMMITTEES' RECOMMENDATION		
		Recurrent	Development	Total	Recurrent	Development	Total
531100000 COUNTY PUBLIC SERVICE BOARD	0718005310 General Administrative Services	146,743,632	51,000,000	197,743,632	146,743,632	51,000,000	197,743,632
	5311000000 COUNTY PUBLIC SERVICE BOARD	146,743,632	51,000,000	197,743,632	146,743,632	51,000,000	197,743,632
531400000 FINANCE & ECONOMIC PLANNING	0701005310 Public Financial Management	2,072,128,334	89,000,000	2,161,128,334	2,072,128,334	439,000,000	2,511,128,334
	0718005310 General Administrative Services	403,470,297	31,500,000	434,970,297	403,470,297	31,500,000	434,970,297
	0731005310 P31: Economic Policy, Formulation and Budget Management	475,000,000	6,500,000	481,500,000	475,000,000	6,500,000	481,500,000
	5314000000 FINANCE & ECONOMIC PLANNING	2,950,598,631	127,000,000	3,077,598,631	2,950,598,631	477,000,000	3,427,598,631
532000000 PUBLIC SERVICE MANAGEMENT	0718005310 General Administrative Services	332,899,466	45,000,000	377,899,466	332,899,466	45,000,000	377,899,466
	0729005310 P29: Public Service Transformation	1,765,803,515	125,000,000	1,890,803,515	1,765,803,515	125,000,000	1,890,803,515
	5320000000 PUBLIC SERVICE MANAGEMENT	2,098,702,981	170,000,000	2,268,702,981	2,098,702,981	170,000,000	2,268,702,981
5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	253,492,734	156,500,000	409,992,734	303,492,734	156,500,000	459,992,734

5321000000	AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	253,492,734	156,500,000	409,992,734	303,492,734	156,500,000	459,992,734
5323000000	ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	3,099,326,508	632,000,000	3,731,326,508	3,429,326,508	732,000,000	4,161,326,508
5323000000	ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	30,000,000	200,000,000	230,000,000	80,000,000	200,000,000	280,000,000
5325000000	WARD DEVELOPMENT PROGRAMMES	78,112,210	1,955,000,000	2,033,112,210	88,112,210	2,155,000,000	2,243,112,210
5326000000	EMERGENCY FUND	150,000,000	-	150,000,000	150,000,000	-	150,000,000
5327000000	LIQUOR LICENSING BOARD	360,000,000	-	360,000,000	299,000,000	101,000,000	400,000,000
5329000000	BOROUGHES AND PUBLIC ADMINISTRATION	178,059,079	24,000,000	202,059,079	178,059,079	24,000,000	202,059,079
5329001100	Boroughs, Sub County Administration	927,074,657	614,805,683	1,541,880,340	927,074,657	614,805,683	1,541,880,340


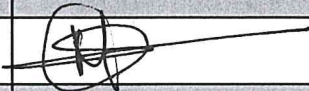
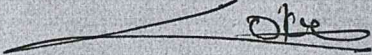
	5329001300 Security and Compliance	2,402,688,890	147,300,000	2,549,988,890	2,452,688,890	147,300,000	2,599,988,890
	5329001700 Disaster Mgt & Coordination	400,545,347	337,500,000	738,045,347	400,545,347	387,500,000	788,045,347
	5329002100 Audit	114,449,191	10,000,000	124,449,191	114,449,191	10,000,000	124,449,191
	5329000000; BOROUGHIS AND PUBLIC ADMINISTRATION	4,488,497,825	1,448,605,683	5,937,103,508	4,538,497,825	1,498,605,683	6,037,103,508
5330000000 COUNTY ATTORNEY	0725005310 P 25 management of legal affairs	220,608,249	20,000,000	240,608,249	220,608,249	20,000,000	240,608,249
	5330000000 COUNTY ATTORNEY	220,608,249	20,000,000	240,608,249	220,608,249	20,000,000	240,608,249
	0215005310 P15 General Administration Planning and Support Services	134,435,704		134,435,704	134,435,704		134,435,704
5331000000 INNOVATION AND DIGITAL ECONOMY	0217005310 P17 Digital Economy and Start-Ups	19,408,875	190,000,000	209,408,875	19,408,875	150,000,000	169,408,875
	0218005310 P18 Smart Nairobi	19,204,390	200,000,000	219,204,390	19,204,390	150,000,000	169,204,390
	0314005310 P14: ICT Infrastructure Connectivity	59,204,389	208,611,367	267,815,756	59,204,389	158,611,367	217,815,756
	5331000000 INNOVATION AND DIGITAL ECONOMY	232,253,358	598,611,367	830,864,725	232,253,358	458,611,367	690,864,725
	0405005310 P5 Public Health	84,000,000	65,165,446	149,165,446	84,000,000	65,165,446	149,165,446
	0406005310 P6 Health Facilities	1,679,000,000	1,269,834,554	2,948,834,554	1,679,000,000	1,019,834,554	2,698,834,554
5332000000; HEALTH, WELNESS AND NUTRITION	0407005310 P7 medical services	40,000,000		40,000,000	40,000,000		40,000,000
	0408005310 P8 Wellness and Nutrition	1,015,279,134		1,015,279,134	1,015,279,134		1,015,279,134
	0404005310 General administration, planning and support services	7,957,567,833		7,957,567,833	7,957,567,833		7,957,567,833

	5332000000 HEALTH, WELLNESS AND NUTRITION	10,775,846,967	1,335,000,000	12,110,846,967	10,775,846,967	1,085,000,000	11,860,846,967
5333000000 BUILT ENVIRONMENT & URBAN PLANNING	Administration	431,407,224		431,407,224	431,407,224		431,407,224
	0121005310 P21 Urban Development & Planning	34,725,372	125,522,179	160,247,551	84,725,372	125,522,179	210,247,551
	0122005310 P22 Land management and Property Management	34,725,372	161,522,179	196,247,551	34,725,372	161,522,179	196,247,551
	0123005310 P23 Housing Development and Building Services	34,725,372	335,522,179	370,247,551	34,725,372	335,522,179	370,247,551
	5333000000 BUILT ENVIRONMENT & URBAN PLANNING	535,583,340	622,566,537	1,158,149,877	585,583,340	622,566,537	1,208,149,877
5334000000; MOBILITY AND WORKS	0216005310 P16:General Administration, Planning And Support Services	1,021,534,097	-	1,021,534,097	1,021,534,097	-	1,021,534,097
	0219005310 P19 Works	48,200,500	959,353,570	1,007,554,070	48,200,500	959,353,570	1,007,554,070
	0220005310 P20 Mobility	10,489,121	764,646,430	775,135,551	10,489,121	764,646,430	775,135,551
	5334000000; MOBILITY AND WORKS	1,080,223,718	1,724,000,000	2,804,223,718	1,080,223,718	1,724,000,000	2,804,223,718
5335000000 TALENT SKILLS DEVT & CARE	0509005310 P9 Education services	1,937,758,113	270,000,000	2,207,758,113	1,937,758,113	270,000,000	2,207,758,113
	0902005310 2.1 Social Services	122,505,463	25,000,000	147,505,463	122,505,463	75,000,000	197,505,463
	0903005310 P3 Youth, Talent & Sports	217,060,530	1,203,791,290	1,420,851,820	217,060,530	1,003,791,290	1,220,851,820
	5335000000 TALENT SKILLS DEVT & CARE	2,277,324,105	1,498,791,290	3,776,115,395	2,277,324,105	1,348,791,290	3,626,115,395
5336000000; BUSINESS & HUSTLER OPPORTUNITIES	Administration	501,622,366	-	501,622,366	501,622,366	-	501,622,366
	Cooperative Audit	11,300,000	10,000,000	21,300,000	11,300,000	10,000,000	21,300,000

	Cooperative Development	11,300,000	40,000,000	51,300,000	11,300,000	40,000,000	51,300,000
	Weights and Measures	11,300,000	75,250,000	86,550,000	11,300,000	75,250,000	86,550,000
	Trade Licensing	11,300,000	20,000,000	31,300,000	81,300,000	20,000,000	101,300,000
	Trade industry	11,300,000	290,000,000	301,300,000	11,300,000	290,000,000	301,300,000
	Micro ,small and medium enterprises	11,300,000	160,000,000	171,300,000	11,300,000	160,000,000	171,300,000
	Gaming and betting	11,300,000	40,000,000	51,300,000	11,300,000	40,000,000	51,300,000
	Markets	11,300,000	410,000,000	421,300,000	91,300,000	560,000,000	651,300,000
	5336000000; BUSINESS & HUSTLER OPPORTUNITIES	592,022,366	1,045,250,000	1,637,272,366	742,022,366	1,195,250,000	1,937,272,366
	General administration	147,383,424	20,000,000	167,383,424	147,383,424	20,000,000	167,383,424
	0904005310 P4 Public Participation, Citizen Engagement & Customer Service	30,847,306	83,625,000	114,472,306	30,847,306	83,625,000	114,472,306
5337 000000;INCLUSIVITY PUBLIC PARTICIPATION,& CITIZEN ENGAGEMENT		-		-	-		-
		-		-	-		-
		-		-	-		-
	0905005310 P5 City Culture Arts & Tourism	30,000,000	114,000,000	144,000,000	30,000,000	114,000,000	144,000,000
		-		-	-		-
	0907005310 P7 Gender and Inclusivity	30,000,000	108,000,000	138,000,000	30,000,000	108,000,000	138,000,000
	5337 000000;INCLUSIVITY	238,230,730	325,625,000	563,855,730	238,230,730	325,625,000	563,855,730

	PUBLIC PARTICIPATION,& CITIZEN ENGAGEMENT								
5338000000; NAIROBI REVENUE AUTHORITY	0735005310 P35 Nairobi Revenue Authority	108,635,680	205,000,000	313,635,680	108,635,680	205,000,000	313,635,680		
	5338000000; NAIROBI REVENUE AUTHORITY	108,635,680	205,000,000	313,635,680	108,635,680	205,000,000	313,635,680		
TOTAL COUNTY EXECUTIVE		29,716,203,032	12,114,949,877	41,831,152,910	30,345,203,032	12,525,949,877	42,871,152,910		
COUNTY ASSEMBLY	COUNTY ASSEMBLY	2,147,013,347	1,455,000,000	3,602,013,347	2,147,013,347	1,455,000,000	3,602,013,347		
TOTAL		31,863,216,379	13,569,949,877	45,433,166,257	32,492,216,379	13,980,949,877	46,473,166,257		

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 County Fiscal Strategy Paper for FY 2025-2026 as adopted by the Committee on the 16th day of April 2025

NAME	SIGNATURE
1) Hon. Wilfred Oluoch Odalo, MCA	
2) Hon. Emily Oduor, MCA	E. O. O
3) Hon. Anthony Kiragu, MCA	
4) Hon. Moses Ogeto, MCA	
5) Hon. Mark Mugambi, MCA	
6) Hon. Jeckoniah Onyango, MCA	J. O. O
7) Hon. Catherine Apiyo Okoth, MCA	
8) Hon. Jane Muasya, MCA	
9) Hon. Jane Wanjiru, MCA	J. W.
10) Hon. Asli Muhamed, MCA	A. M
11) Hon. Rosemary Masitsa, MCA	R. M. S
12) Hon. Perpetua Mponjiwa, MCA	P. O
13) Hon. Peter Overa Oluoch, MCA	P. O O
14) Hon. Collins Ogenga, MCA	C. O O
15) Hon. Fathiya Abdillahi Mohamed, MCA	F. A
16) Hon. Sam Kago, MCA	S. K. S
17) Hon. Anthony Ngaruiya Jasho, MCA	
18) Hon. Paul Ndungu, MCA	P. N
19) Hon. Ciciliah Wairimu Njathi, MCA	C. W. N
20) Hon. Waruguru Kanyi, MCA	W. K.
21) Hon. Joyce Kamau Muthoni, MCA	J. M.
22) Hon. Waithera Chege, MCA	
23) Hon. Susan Makungu, MCA	

