

GOVERNMENT OF NAIROBI CITY COUNTY



Paper laid by
Hon. Wilfred Odalo
(Chair, FABAC)

on 4th March, 2026

PLA

4/03/2026.

THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY

(FIFTH SESSION)

NCCA/TJ/PL/2025 (49)

4TH MARCH 2026

PAPER LAID

SUBJECT: REPORT ON COMMITTEE

Pursuant to Section 6 (3) of the County Governments Act, Cap 265 and Standing Order 196, I beg to lay the following Paper on the Table of this Assembly, today Wednesday 4th March 2026:

- THE 38TH REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON CONSIDERATION OF THE MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN NAIROBI CITY COUNTY GOVERNMENT AND SIDIAN BANK LIMITED PAYROLL SUPPORT SERVICES.

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

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

NCCA/TJ/NTC/2026

GOVERNMENT OF NAIROBI CITY COUNTY

Notice Motion
Issued by
Hon. Wilfred Odalo
(Chair FBAC)



on THE NAIROBI CITY COUNTY ASSEMBLY

4th March 2026

THIRD ASSEMBLY

(FIFTH SESSION)

PLA/H03/2026

4th March 2026

NOTICE OF MOTION

Subject: Report on Committee

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

— **THAT**, Pursuant to Standing Order Pursuant to Section 6 (3) of the County Governments Act, Cap 265 and Standing Order 196, **THIS ASSEMBLY ADOPTS THE 38TH REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON CONSIDERATION OF THE MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN NAIROBI CITY COUNTY GOVERNMENT AND SIDIAN BANK LIMITED PAYROLL SUPPORT SERVICES**, laid on the Table of the Assembly today Wednesday 4th March 2026.

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

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

COUNTY GOVERNMENT OF NAIROBI CITY



NAIROBI CITY COUNTY ASSEMBLY

THIRD ASSEMBLY – FIFTH SESSION

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

ON

**CONSIDERATION OF THE MEMORANDUM OF UNDERSTANDING (MOU)
BETWEEN NAIROBI CITY COUNTY GOVERNMENT AND SIDIAN BANK
LIMITED ON PAYROLL SUPPORT SERVICES**

MARCH 2026

I. PREAMBLE

1. **Mr. Speaker Sir**, this request for authority to borrow was submitted to the County Assembly on 18th November 2025. In the request, the County Executive had sought the concurrence of the County Assembly to enable them augment salary payments in circumstances where there are delays in receipt of equitable share of revenue or internal revenue collections. The consideration of this Memorandum of Understanding (MOU) between Nairobi City County Government and Sidian Bank Limited on payroll support services was done by the Nairobi City County Assembly Finance, Budget & Appropriations Committee established pursuant to the provisions of Standing Order 205 with a specific mandate among which is 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

2. **Mr. Speaker Sir**, the consideration of this request was undertaken by the following members of the County Assembly Finance, Budget and Appropriation 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. Paul Ndungu, MCA | |
| 10. Hon. Jane Wanjiru, MCA | |
| 11. Hon. Asli Mohamed, MCA | |
| 12. Hon. Jane Muasya, MCA | |

13. Hon. Peter Owera, MCA
14. Hon. Sam Kago, MCA
15. Hon. Perpetua Mponjiwa, MCA
16. Hon. Fathiya Abdillahi, MCA
17. Hon. Ciciliah Wairimu, MCA
18. Hon. Rosemary Masitsa, MCA
19. Hon. Jackoniah Onyango, MCA
20. Hon. Joyce Muthoni, MCA
21. Hon. Jane Waruguru, MCA
22. Hon. Collins Ogenga, MCA

Examination of the Memorandum of Understanding (MOU) between Nairobi City County Government and the Sidian Bank Limited

The Committee held two meetings to discuss the Memorandum of Understanding (MOU), including one with the County Executive Committee Member for Finance for further clarification and detailed review. The Committee reviewed the submissions from the County Executive Committee Member for Finance and requested clarification where needed.

Acknowledgment

3. **Mr. Speaker Sir**, the Finance Budget and Appropriations Committee extends its gratitude to all Members of the County Assembly, the Office of the Speaker, Office of the Clerk and the County Assembly Budget Office for their immense role and technical support towards the consideration of this Memorandum of Understanding (MOU).
4. In a special way, **Hon. Speaker**, I wish to commend the Members of the Finance, Budget and Appropriations Committee who spared their valuable time which enriched and ultimately brought to a successful conclusion these deliberations.
5. **Mr. Speaker Sir**, it is therefore my privilege on behalf of the Finance, Budget & Appropriations Committee to table this report on the consideration of Memorandum of Understanding (MOU)

between the Nairobi City County Government and the Sidian Bank Limited and recommend it to the Assembly for adoption.

Signed.......... Date..........

Hon. Wilfred Odalo, MCA

Chairman: Finance, Budget and Appropriations Committee

II. SCRUTINY OF THE CONSIDERATION OF THE MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN NAIROBI CITY COUNTY GOVERNMENT AND SIDIAN BANK ON PAYROLL SUPPORT SERVICES

6. **Mr. Speaker**, the County Executive Committee Member for Finance, on 18th November 2025, submitted to the County Assembly a request for approval of short-term borrowing specifically for payment of salary and salary-related expenditures. The request for borrowing according to the County Executives was necessitated by the fact that the previous bank was charging higher repayment interest thus straining the County's finances. The CECM for Finance opined that this borrowing would be essential to ensure that salaries are paid without delay hence avoid disruption of County operations.
7. **Mr. Speaker Sir**, in the documents submitted the County Executive it is indicated that negotiations had gone well with four banks previously identified and two of them had requested approval of the County Executive Committee for formal engagement but ultimately following comprehensive evaluation, Sidian Bank Limited emerged the most responsive bank with a robust and secure payroll management platform which is deemed to be well suited to meet the County's operational and compliance requirement. Arising from the foregoing, the County Executive Committee therefore resolved that the County Treasury should open all Nairobi City County accounts with the Sidian Bank in an effort to ensure streamlined payment processes, minimize transaction delays and enhance overall operation efficiency.
8. **Mr. Speaker Sir**, the Committee during the scrutiny of the request and having reviewed the extracts of the minutes of the County Executive Committee as well as the Memorandum of Understanding (MOU) between the County government of Nairobi and Sidian Bank Limited noted a number of issues in the agreement. The Committee therefore noted that the County government is desirous of partnering with Sidian Bank for provision of the following additional services;
 - i. Provision of revenue collection and revenue management systems.
 - ii. Management of Facility improvement fund (FIF) by providing ledger fee free account management that is integrated with mobile payment provisions.
 - iii. Management of projects accounts mainly donor funded projects where the Bank accounts shall not attract any ledger fee.

iv. Advancing of cash backed car and mortgage loans to the County Executive Committee Members.

9. **Mr. Speaker Sir**, the Committee during consideration of the request observed that the MOU between the two parties has a few salient matters that it felt needed to be explained before the authority was granted. To begin with, there was no evidence of the County Executive Committee granting the bank provision of any other service other than payroll management, a factor that tied the Committee's hands as all approvals must be granted by the County Executive Committee before being transmitted to the County Assembly. This in effect therefore cast doubt on how the County plans to partner with the bank in providing revenue collection and revenue repayment for elimination of cash handling by revenue officers, real time value and data collection made and management of Facility Improvement Fund. The MOU likewise grants the bank the responsibility of advancing cash backed car and mortgage to eligible County Executive County Members, manage the projects accounts mainly donor funded projects as well as offer credit facilities to the County Government and the staff members. The MOU as presented is not dated though expected to have a lifespan of three years and the Committee could not ascertain whether it went through the County Executive Committee for approval despite being signed by the CECM Finance, County Secretary and the County Attorney. The Committee subjected these issues to the County Executive Committee Member for Finance and the same were explained to the satisfaction of the Committee.
10. Moreover, **Mr. Speaker**, the Committee in revisiting the report of its predecessor in the Second Assembly noted that the Cooperative Bank Ltd that provided the service then charged 0.5% as late payment fee for any outstanding amount after 30 days a position that conflicted with the sentiments of the County Executive that there were higher repayments thus straining the County resources. The MOU on a positive note would see Sidian Bank Ltd charge 0.5% as late payment fee for any outstanding amount after 60 days from the due date of instalment. Whereas the Committee appreciated this positive graduation, it could not determine the cost of the payroll services and hence to understand from the County Treasury on the claim that the previous bank was charging higher repayment interest and whether such costs was occasioned by delays in payments.
11. **Mr. Speaker Sir**, arising from the deliberations between the Committee and the County Treasury the following were the summary of issues that the Committee sought clarifications on the MOU:-

- 1) The outcome of the negotiation with the four commercial banks on short term borrowing as alluded by the CECM Finance in his memorandum presented to the 36th County Executive Committee meeting held on 1st October 2024.
- 2) The minutes of the Evaluation Committee detailing the evaluation criteria that was used to knock out the other banks.
- 3) Details of how the borrowing has compiled to Section 142 of the PFM Act, 2012 specifically requiring that short term borrowing may not exceed 5% of the most recent revenue and be only for cash management purposes.
- 4) The details of the two banks that have requested approval of County Executive Committee upon formal engagement as well as their offers, terms and conditions.
- 5) The repayment rates of the initially engaged bank in relation to the approval granted by the County Assembly.
- 6) The total payments made to the initially engaged Bank and the supporting documents thereof.
- 7) The approximate total borrowings the County Executive intends to make every month.
- 8) The payroll details to support the request as presented.
- 9) Records including proof of remittances of the staff monthly benefits and statutory deductions for the past twelve months.
- 10) The accounting treatment for the payments made to the Bank as late payment fee.
- 11) Clarity on whether the MOU is for engagement of Sidian Bank on payroll management and accounts management or it also involves revenue collection systems, lending, car mortgage advancing, management of facility improvement fund, management of donor funded projects as already highlighted.

12. Mr. Speaker Sir, the Committee wishes to inform this Honorable House that after the oral submission by the County Executive to the Committee, it was satisfied that the proposed short-term borrowing is in line with the financing plans of the County and is in conformity to Article 212 of the Constitution as well as Sections 58, 140 and 142 of the PFM Act 2012. In this regard, the Committee is confident that the request for authority to borrow is clearly within the limits allowed by law, the terms of the proposed loan have been comprehensively espoused and the plan is aligned to the fiscal objectives set in CFSP and Debt Management Strategy Paper. Further, the Committee

confirms that the proposed borrowing is in line with Regulation 177 of the Public Finance Management (County Regulations) 2015.

13. In conclusion, **Mr. Speaker Sir**, the Committee was satisfied that all the legal requirements have been fully met and that the borrowing will improve the County's operations and shield it from potential penalties arising from delayed settlement of personnel emoluments.

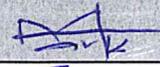
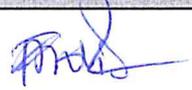
RECOMMENDATIONS

Mr. Speaker Sir, in conclusion and pursuant to the provisions of Section 142 (1) and (2) of the Public Finance Management Act 2012 the Select Committee on County Finance, Budget and Appropriations recommends that:

1. **"This County Assembly approves the Memorandum of Understanding (MOU) between Nairobi City County Government and Sidian Bank Limited" paving way for Sidian Bank to offer Payroll Support Services to the Nairobi City County"**

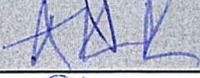
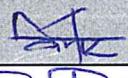
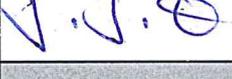
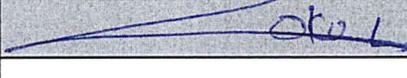
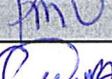
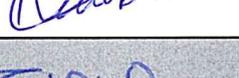
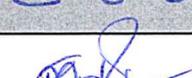
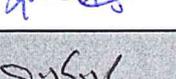
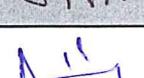
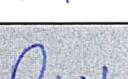
2. **"This County Assembly adopts the Report of the Select Committee on County Finance, Budget and Appropriations on the Consideration of the Memorandum of Understanding (MOU) between Nairobi City County Government and Sidian Bank Limited."**

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 Memorandum of Understanding (MoU) between Nairobi City County and Sidian Bank Limited on Payroll Support Services as adopted by the Committee on 4th day of March 2026

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	
6) Hon. Jeckoniah Onyango, MCA	
7) Hon. Catherine Apiyo Okoth, MCA	
8) Hon. Jane Muasya, MCA	
9) Hon. Asli Muhamed, MCA	
10) Hon. Rosemary Masitsa, MCA	R.M.S
11) Hon. Perpetua Mponjiwa, MCA	
12) Hon. Peter Owera Oluoch, MCA	
13) Hon. Colins Ogenga, MCA	C.O.O
14) Hon. Fathiya Abdillahi Mohamed, MCA	
15) Hon. Sam Kago, MCA	S.K.K
16) Hon. Anthony Ngaruiya Jasho, MCA	A.N.J
17) Hon Paul Ndungu, MCA	P.N

18) Hon Ciciliah Wairimu Njathi, MCA	C.W.N
19) Hon Waruguru Kanyi, MCA	
20) Hon Joyce Kamau Muthoni, MCA	
21) Hon Waithera Chege, MCA	
22) Hon. Jane Wanjiru, MCA	Jw

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 Memorandum of Understanding (MoU) between Nairobi City County and Sidian Bank Limited on Payroll Support Services as adopted by the Committee on 4th day of March 2026

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	
6) Hon. Jeckoniah Onyango, MCA	
7) Hon. Catherine Apiyo Okoth, MCA	
8) Hon. Jane Muasya, MCA	
9) Hon. Asli Muhamed, MCA	
10) Hon. Rosemary Masitsa, MCA	
11) Hon. Perpetua Mponjiwa, MCA	
12) Hon. Peter Owera Oluoch, MCA	
13) Hon. Colins 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	C.W.N
19) Hon Waruguru Kanyi, MCA	
20) Hon Joyce Kamau Muthoni, MCA	
21) Hon Waithera Chege, MCA	
22) Hon. Jane Wanjiru, MCA	Jw.