

(T&J/RM/005/2017)

GOVERNMENT OF NAIROBI CITY COUNTY



NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK


(5TH SESSION)

NOTICE OF MOTION – (Chairperson, Select Committee on Finance,
Budget & Appropriations)

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

THAT, this Assembly adopts THE REPORT OF THE SELECT COMMITTEE ON FINANCE, BUDGET & APPROPRIATIONS ON THE NAIROBI CITY COUNTY FISCAL STRATEGY PAPER AND THE DEBT MANAGEMENT STRATEGY PAPER FOR THE FY 2017/18 AND OVER THE MEDIUM TERM , laid on the Table of the Assembly today Tuesday, 28th February, 2017.

(Chairperson, Chairperson, Select Committee on Finance, Budget &
Appropriations)

Approved
Hon. Deputy Speaker

24/02/2017

Notice of motion given
by Hon. Michael Ojanda
on 28/02/2017

Approved
PCA CLSP
28/02/2017



Paper laid by Ho
Michael Oganda on
28/02/2017

Mhosi
PCA CHSP
28/02/2017

THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

5TH SESSION

NBI CA. PLC. 2017 / (007)

28th February, 2017

PAPER LAID

Pursuant to Standing Order 180 (6) I beg to lay the following Paper on the Table of the Assembly, today Tuesday 28th February, 2017.

THE REPORT OF THE SELECT COMMITTEE ON FINANCE, BUDGET AND
APPROPRIATIONS ON THE NAIROBI CITY COUNTY FISCAL STRATEGY PAPER AND
THE DEBT MANAGEMENT STRATEGY PAPER FOR THE FY 2017/18 AND OVER THE
MEDIUM TERM

(Chairperson, Select Committee on Finance, Budget & Appropriations)

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

Approved
Hons. Deputy Speaker

24/02/2017

Hon. Michael Ojanda
on 28/02/2017

COUNTY GOVERNMENT OF NAIROBI CITY



M.O.
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NAIROBI CITY COUNTY ASSEMBLY

FIRST ASSEMBLY - FIFTH SESSION

REPORT OF THE SELECT COMMITTEE ON FINANCE, BUDGET AND
APPROPRIATIONS

ON

THE NAIROBI CITY COUNTY FISCAL STRATEGY PAPER AND THE DEBT
MANAGEMENT STRATEGY PAPER FOR THE FY 2017/18 AND OVER THE MEDIUM
TERM

FEBRUARY 2017

1. PREAMBLE

Mr. Speaker Sir

The requirement for the County Treasury to submit to this County Assembly the County Fiscal Strategy Paper for approval is underpinned in the provisions of Section 117 (1) of the Public Finance Management (PFM) Act, 2012. The quoted provisions require that the document be presented to the County Assembly by the 28th day of February in each year and approved not later than the 15th day of the following month. In furtherance of the above, and given that the year 2017 is anticipated to be an election year, the County Treasury issued guidelines in line with the provisions of Section 128 (2) of the PFM Act 2012 which adjusted the budget calendar. This adjustment was aimed at ensuring that the legislators dispense with the crucial business of budget making before they retire to the electorate to campaign and renew their terms of service. Among other provisions, the revised budget calendar requires that the budget estimates for the FY 2017-18 be approved by the end of March 2017.

It is once again imperative to remind Members that the County Fiscal Strategy Paper is a policy document that specifies the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term. The CFSP also provides the financial outlook with respect to county government revenues, expenditures and borrowing for the same duration.

Further, to explain and provide basis for any borrowing and deficit financing going forward, the provisions of Section 123 (1) of the PFM Act, 2012 require that on the same date the County Treasury submits the CFSP it also submits the Debt Management Strategy Paper (DMSP). The DMSP which is expected to be aligned to the CFSP sets forth the debt management strategies for the county government over the medium term including actual and potential liabilities. The provisions indeed require that the DMSP shall detail the loans and how the county government would wish to deal with those loans over the medium term. It is in line with these provisions that the County Treasury submitted to the County Assembly the DMSP for approval.

The CFSP for the FY 2017-18 was tabled in the County Assembly on the 22nd day of November 2016, at a time when the County Assembly was about to adjourn for its long recess. Having been laid, and in line with the provisions of Standing Order 206, the paper stood committed to all the Sectoral Committees and the Budget Committee for consideration and reporting as per their respective mandates. The guiding legal principles of the law require that when finalizing the consideration of any budget document, the Budget Committee shall consult the Sectoral Committees, members of the public and the County Executive Committee Member for Finance.

Mr. Speaker Sir, it is once again important to underline that the approval of the motion on this report presented by the Budget Committee constitutes the County Assembly resolution setting forth the total overall projected revenue, the ceilings recommended for the County Government, and County Assembly and where necessary, the total sums for each Vote and the allocations to individual programs for the fiscal year 2017-18. It is expected that this resolution shall be implemented without

alterations whatsoever hence preventing the likelihood of this approval turning to an academic exercise.

Mr. Speaker Sir, the County Assembly Finance, Budget & Appropriations Committee comprises of the following 19 Members:

1.	Hon. Michael Okumu, MCA	Chairman
2.	Hon. George Ochola, MCA	Vice-Chairman
3.	Hon. Catherine Akoth, MCA	
4.	Hon. Caroline Muga, MCA	
5.	Hon. Magdalene Mbogori, MCA	
6.	Hon. Osman Ibrahim, MCA	
7.	Hon. Jackson Kiama, MCA	
8.	Hon. Kenneth Thugi, MCA	
9.	Hon. David Kairu, MCA	
10.	Hon. Fredrick Obenge, MCA	
11.	Hon. Herman Azangu, MCA	
12.	Hon. Helen Katangie, MCA	
13.	Hon. Jane Muasya, MCA	
14.	Hon. Peter Isuha, MCA	
15.	Hon. Isaac Ngige, MCA	
16.	Hon. Ngaruiya Chege, MCA	
17.	Hon. Samuel Irungu, MCA	
18.	Hon. Bernadette Wangui, MCA	
19.	Hon. Victoria Alali, MCA	

Mr. Speaker Sir, the Nairobi City County Assembly Finance, Budget and Appropriations Committee is constituted under the provisions of Standing Order 187. Its mandate pursuant to Standing Order 187(3) is to:-

- i. investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget;
- ii. discuss and review the estimates and make recommendations to the County Assembly;
- iii. examine the County Fiscal Strategy Paper presented to the County Assembly;
- iv. examine Bills related to the county budget, including Appropriations Bills; and
- v. 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 2017-18

Mr. Speaker Sir, this is the last CFSP and DMSP that the Members of the Budget Committee in the First Assembly of the Nairobi City County Government have had the utmost privilege to consider and recommend to this House for adoption. These are the last planning documents that are expected to

roll out the residual aspects of the County Integrated Plan (CIDP) for the FY 2013-2017, set in motion a new CIDP and bring to life the Second County Governments. From the foregoing it is noteworthy that these are transition documents and they should therefore provide platform for the next phase (s) to succeed. The Finance, Budget and Appropriations Committee has in this regard undertaken due diligence to ensure that the fiscal strategies contained in the two documents would live up to their billing.

In reviewing the 2017-18 County Fiscal Strategy Paper and the Debt Management Strategy Paper, the Committee held a total of nine (9) sittings within and outside the County Assembly precincts. In these deliberations, the Committee received submissions from the County Executive Committee Member responsible for Finance, the Chairs of Sectoral Committees, Clerk to the County Assembly and the public. The recommendations from the discussions have been sieved and included in this report.

Acknowledgment

Mr. Speaker Sir, the Committee would wish to pay special tribute to the following:

- i. Members of the County Assembly who worked tirelessly to ensure that this onus task was completed within the stipulated time;
- ii. Officers from the County Executive who appeared before it for purposes of making their submissions;
- iii. Members of the public who honored their civic duty and participated in the public hearings;
- iv. Offices of the Speaker and Clerk for the support received as it discharged its mandate of scrutinizing the 2017 County Fiscal Strategy Paper and Debt Management Strategy Paper; and
- v. The County Assembly Fiscal Analysts who crystallized the content of the papers for both the Sectoral Committees and the Budget Committee.

Mr. Speaker Sir, it is therefore my pleasant duty and privilege, on behalf of the Finance, Budget & Appropriations Committee to table this report and recommend it to the Assembly for adoption.

Signed.....



Date.....

28/2/17

Hon. Michael O. Okumu, MCA

Chairman: Finance, Budget and Appropriations Committee

2. SCRUTINY OF THE DEBT MANAGEMENT STRATEGY PAPER

1. **Mr. Speaker Sir**, the DMSP for the year 2017 provides that at the end of June 2016 the total stock of County debt stood at over Kshs. 48billion. This figure represents a Kshs. 3billion increase from the amount reported as at December 2015. The growth of public debt, the County Fiscal Strategy Paper asserts, is due to accrual of interest and penalties. The Committee notes that the County public debt would grow to unsustainable levels if nothing is done to reverse the alarming trends. Measures on how to settle financial commitments with commercial banks, pay creditors and prudently implement Collective Bargaining Agreements without injuring the County's financial longevity need to be explored in line with the strategies contained in the DMSP 2017. The National Government should also support our efforts to clean our books by providing us with details of National Government Guaranteed Loans which were repaid and those ones which were not. On the other hand, the amounts owed to the County Government have also been piling up at a fast rate. It is reported that the figure has increased from Kshs. 63.5billion as at 2013 to Kshs. 208.9billion in the year 2016. The Committee was not convinced with the explanations given by the CECM for Finance on this unwarranted growth.
2. **Mr. Speaker Sir**, during the consideration of the DMSP for the previous financial year the Committee called upon the County Executive to make public and implement the report of the taskforce appointed by the Governor on pending bills. The taskforce was mandated to tabulate with exactness the County pending bills as well as draw a marshal plan on how to sanitize the account receivables and payables in the County's financial records. However, as was the case last year, the work of the taskforce and its recommendations thereof were in no way alluded to in the DMSP for the FY 2017-18. The Principles of Public Finance enumerated in Article 201 of the Constitution of Kenya require among others responsible financial management and clarity in financial reporting. This in effect implies that the public should at very least get value for money for every activity in which public funds have been expended. The Committee would still be recommending that the contents of the report be included in our fiscal disposition.
3. **Mr. Speaker Sir**, the County intends to continue implementing the strategies first documented in the FY 2015-16 as ways of managing the County debt. The initiatives include reforms in establishment of fiscal, legal, institutional and operational framework to strengthen issues of debt management. To achieve these, the County planned to pursue debt rescheduling, external borrowing, borrowing from money and capital markets, debt/asset swap and debt write-offs as possible strategies of curtailing the growth of public debt and alternative financing. Whereas the Committee is still in agreement with those strategies, it fails to comprehend why there has been lethargy in submitting to this Assembly the status of their implementation for review. It has been over two years since the strategies were approved and over that duration the growth of public debt has grown unchallenged. This in effect means that the measures which have been put in place to reverse this trend are either not being implemented or they have failed to deliver the desired results. This must therefore call for change of tact.

4. **Mr. Speaker Sir**, starting the FY 2016-17 the Finance, Budget and Appropriations Committee made a conscious decision to review the Debt Management Strategy Paper alongside the County Fiscal Strategy Paper to enable it to have a holistic view of the budget projects and any future financing plans. Continuing with this resolution, the Committee notes that the DMSP has been underpinned on the County Fiscal Strategy Paper for the FY 2017-18 and the fiscal responsibility principles in the two papers are consistent.

3. SCRUTINY OF THE COUNTY FISCAL STRATEGY PAPER

3.1. INTRODUCTION

5. **Mr. Speaker Sir**, the import of the report of the Budget Committee on the County Fiscal Strategy Paper according to our own Standing Orders is to provide schedule of total 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. It therefore goes without saying that this County Assembly is the umpire between various actors in the County Government on total the allocation of resources.
6. **Mr. Speaker Sir**, the provisions of Section 104 of the County Governments Act 2012 decree that a County Government shall plan for the County and no funds shall be utilized outside a framework developed by the County Executive and approved by the County Assembly. Planning is the initial step in budgeting and it is meant to ensure that resources are spent in well thought out, organized and priority areas. The County Fiscal Strategy Paper is therefore a critical pillar of this planning framework of annual county budgeting. The CFSP is a document that guides the subsequent processes in the budget cycle by aligning them to more realistic targets with the aim of ensuring that there is achievable growth trajectory within the resource constraints. In coming up with the Paper, the role of the County Treasury and all Sectors in the County Government in undertaking proper groundwork and sound fiscal projections cannot be gainsaid. In this undertaking, **Mr. Speaker**, the guiding law has underscored the need to involve the Commission on Revenue Allocation, the National Treasury, members of the public among other relevant stakeholders.
7. **Mr. Speaker Sir**, the provisions of Section 117 of the Public Finance Management Act, 2012 outlines the contents of the CFSP which in summary include:
 - i. Specification of the broad strategies and policy goals that will guide in budget preparation;
 - ii. Financial outlook with respect to county government revenues, expenditures and borrowing for the next financial year and the medium term;
 - iii. The total resources to be allocated to individual programmes and projects within the various sectors in the County;
 - iv. The proposed expenditure ceilings for the two arms of government; and
 - v. Financial outlook with respect to county government borrowing
8. **Mr. Speaker Sir**, the presented County Fiscal Strategy Paper for the FY 2017/18 is divided into four parts that deal with overview of the recent economic developments and achievements for the current financial year; macroeconomic variables and environment that would affect the rolling out the fiscal strategies contained in the paper; the policies that would be fast-tracked in the coming financial year to ensure the priorities are achieved; the county government's resource

envelope for the coming financial year and over the medium term; the level of compliance to the fiscal responsibility principles and the fiscal risks to the outlook.

3.2. REVIEW OF COMPLIANCE OF THE COUNTY FICAL STRATEGY PAPER 2017/18 TO THE PREVAILING LEGISLATION

9. **Mr. Speaker Sir**, this is the second CFSP that the Budget Committee has had the opportunity to review since coming to life of the PFM Regulations 2015 which greatly changed the landscape of both budget preparations by the County Government and approval by the County Assembly. Regulations as instruments of legislation are meant to provide clarity and further explanations on the provisions in the mother law. The PFM Regulations 2015 expanded the fiscal responsibility principles, explained in more detail the contents of various budget documents and reclassified the roles of all the actors in the budget cycle. This Section of the report would aim to discuss the extent to which the Paper has lived up to the legal expectations.
10. **Mr. Speaker Sir**, the provisions of Section 117 of the PFM Act, 2012 require that the County Treasury submits to the County Assembly the CFSP not later than the 28th day of February each year. From the foregoing this was complied with. The Budget Committee has over time encouraged the County Treasury to apply bottom-up approach to budgeting and top-down approach to resource allocations. The CFSP submitted to the County Assembly should therefore be a result of Sector resource bidding which should consider the unique requirements for all spending units. The law requires that the County Treasury through the County Executive Committee Member for Finance should only submit the CFSP to the County Assembly once it has been approved by the County Executive Committee. This therefore means that all Sectors through their County Executive Committee Members should not only own the Paper but should also believe in the realism of the revenue targets, expenditure figures and sector ceilings.
11. **Mr. Speaker Sir**, during the consideration of the CFSP 2016 the Committee lamented to this Chamber that the PFM Regulations had introduced provisions which limited the role of the County Assembly in the budget making process. The Committee considered provisions that the County Assembly total budget does not exceed the lower of seven percent of total county revenues or twice personnel emoluments as a backdoor attempt to take away the autonomy of the devolved legislatures. Further, the Committee was persuaded that the provisions which limited any amendments by the County Assembly on the annual budget estimates at not more 1% per Vote were meant to take away the fiscal oversight functions of the County Assembly. That notwithstanding, the Committee appreciates the Office of the Attorney General for having provided a lasting advisory on the above matters as well as the place of Regulations in relations to the powers provided by the Constitutional order. In that advisory, the Attorney General noted that the drafter of the PFM Regulations erred to limit the role of the County Assembly in budgeting. It was also his considered view that where a power is guaranteed by the principal act the same cannot be taken away through another subsidiary legislation. The Committee notes that these are positive steps meant to safeguard the place and role of devolved systems government in the current dispensation.

12. **Mr. Speaker Sir**, the hallmark of the Constitution of Kenya 2010 is the emphasis on an open, transparent and accountable systems of government. The Constitution has opened the democratic space and cleared the way for public scrutiny of various institutions of governance. All the legislations that are in consonance with the Constitution including the PFM Act, 2012 have underlined the importance of public input in formulation of government policy and implementation of the same. Whereas the Committee wishes to confirm that Paper has clearly reported that there was public participation in its formulation it did not receive evidence on which views were submitted by the participants. In fact, the Budget Circular issued by the County Treasury in August 2016 required the Sector Working Groups to identify and involve stakeholders throughout the budget process and 'information of their involvement documented'. In this regard therefore, it was the expectation of the Budget Committee that the County Treasury should have attached details of those who submitted their views, the views received and how they were incorporated in finalizing the CFSP. Going forward, the Committee continues to reiterate that all budget documents should contain submissions from all stakeholders and analysis on how the various views were incorporated.
13. **Mr. Speaker Sir**, the provisions of Section 117 of the PFM Act 2012 require that the CFSP be aligned to the broad national government priorities contained in the Budget Policy Statement (BPS). The Budget Policy Statement 2017 continues to implement the agenda of economic transformation through the five pillars. As has been the case, the Committee notes that whereas the County Treasury has undertaken to live within the provisions of Section 117 of the PFM Act and align itself to the broad national priorities contained in the BPS there has been no discussion on what exactly the broad national priorities are or how they County would customize its development plans to be in tandem with those national priorities. Further, the paper has discussed at length the national variables that would influence the realization of the national agenda without relating to the unique parameters that are responsible for the achievement of the devolution agenda. Factors in the national sphere like amendment to the Banking Act, import balances, current account balances among others have been quoted without any commensurate explanation on their relevance to the County Government going forward. The Budget Committee believes that the paper should have detailed how the well documented growth prospects, inflation figures and other macroeconomic variables would change the revenue outturn and budget performance among other issues that would be of interest to this Assembly.
14. **Mr. Speaker Sir**, the formulators of the law could discern that the amount of revenues generated by governments most of the time never suffice to meet all the societal demands for public service delivery. It is for this reason that there are provisions in law giving both national and county governments leeway for borrowing as a means of deficit financing. It has already been canvassed in adequate detail that the County is indebted in great proportions. Despite these glaring facts, the Paper is not elaborate on how the County intends to manage issues of debt and debt repayments. Members may recall that the PFM Regulations 2015 introduced the County Revenue Fund Services which has the net effect of making as a first charge the payment of salaries and allowances for the Governor, the Deputy Governor and public debt. This provision is meant to ensure that the County honors its obligations of settling its debt accounts. It is

noteworthy that during the consideration of the DMSP for the FY 2016-17, the County Assembly approved the County debt limit at not more than 15% of total County government revenues.

3.3. MACROECONOMIC POLICY FRAMEWORK

15. **Mr. Speaker**, the Second Chapter of the CFSP outlines the Country's growth prospects and the potential of that growth into the coming financial year. The paper has attempted to link this projected growth to the key parameters of the County Government including revenue generation and expenditures. The Section, being cognizant that 2017 is an election year, has rightly pointed out that the realization of the projected growth is dependent on a stable political environment. In this regard, the Section has highlighted measures that the County would put in place to improve the overall budget performance.
16. **Mr. Speaker Sir**, the Paper in its review of the budget performance for the previous financial years reports that internal revenues grew by 1% between FYs 2014/15 and 2015/16 despite the robust measures undertaken to improve revenue collection. It is alarming that the challenges affecting revenue collection and their corresponding solutions have remained like those enumerated in the previous CFSPs. The Committee therefore concluded that either the relevant officers in the County Government have not been keen to implement the mitigating measures or the measures themselves have not been delivering the optimal results. Further, the Committee noted with concern that despite an elaborate literature on the underperformance of internal revenues, the CFSP still projects an internal revenue growth in the FY 2017-18 to about Kshs. 19.7billion. It is the view of the Budget Committee that since the year 2017 would mark a transition period to the Second County Governments it is highly unlikely that there would be a zealous platform to support any ambitious revenue growth. In deed the Members of the public submitted during the public hearings on the CFSP that non-committed County officials was one of the reasons for non-achievement of County revenue targets. The County Treasury during the deliberations on this Paper presented scenarios that they believe would help achieve the targets. The Committee, despite its reservations, would therefore not be proposing any further adjustments on the projected resource envelope.

3.4. POLICIES TO ACHIEVE THE MEDIUM-TERM OUTLOOK

17. **Mr. Speaker Sir**, this part of the paper once again outlines the measures that the County aims to put in place to achieve the Governor's seven-point agenda as delivered in 2014. The seven key areas of focus that have been explained in detail include governance and public participation; ensuring financial sustainability; institutional transformation; improving physical infrastructure and services; social and community development; focusing on safety and environment and planning and economic development.
18. **Mr. Speaker**, the Committee agreed that the policies as proposed are robust and detailed. However, given that the policies had not been enlisted alongside their intended outputs, key performance indicators, as well as result timelines it would be almost impossible to keep track of their implementation. Most importantly the Committee found it out of order that the report

lacked details of the implementation status of the Governor's point agenda over two years since it was delivered. It was the view of the Budget Committee that such implementation matrix would have been essential at helping this County Assembly keep track of how previous budgets have been able to influence policy decisions. Further whereas the programmes for achievement of the outlook of the outlook are robust they have not been enlisted alongside the intended outputs, key performance indicators and result timelines making it almost impossible to keep track of their implementation.

3.5. BUDGET FOR THE FY 2017-18

19. **Mr. Speaker Sir**, the CFSP has documented the budget outlay for the County for the coming financial year by providing a guiding policy on expenditure, resource envelope, prioritization criteria for the FY 2017-18 and the allocations for the earmarked funds.
20. **Mr. Speaker Sir**, the total County budget has been proposed for upward revision to Kshs. 35.79billion composed of Kshs. 24.16billion for recurrent and Kshs. 11.632billion for development expenditures. Further and as part of the above allocations, the County Treasury has proposed to allocate Kshs. 90million for emergency fund and Kshs. 15.63billion as employee costs including Kshs. 643million for Voluntary Early Retirement (VER). The Committee commends the County Treasury for having adopted the proposal of the County Assembly of pursuing VER as a way of managing the wage bill of the County. However, the Committee sought to know from the County Executive on how the figure of Kshs. 643million was arrived at and how the same would be implemented going forward. Further the Committee was quick to point out that given that the rationale for implementation of VER is to contain the wage bill, it is expected that in a financial year when the programme is being implemented there would restricted growth in personnel costs. In these budget projections, the figure for salaries and wages is anticipated by about Kshs 300million from the amounts reported in the FY 2016-17.
21. **Mr. Speaker Sir**, during scrutiny of this paper as has been the case with previous budget documents, the Committee noted that the County Executive has not been keen to disclose the bank balances for the previous financial years and the expected bank balances for the FY 2016-17. The Committee while appreciating that this was peculiar year when the CFSP was prepared earlier than usual notes that adherence to good budgeting practices does not have holidays and reprieves. The Committee therefore recommends that the figures of expected bank balances for the current financial year be presented in the budget estimates for the FY 2017-18.

3.6. SECTOR CEILINGS

22. **Mr. Speaker**, in the previous financial years the Committee has lamented the lack of programmes and projects in the submitted County Fiscal Strategy Papers. Members may recall that during the consideration of the CFSP for the FY 2016-17, the Committees were called upon to request for that information from their respective Sectors and use the same as basis for

resource reallocations and programme adjustments. The Budget Committee notes that whereas over time the County has made progress in contents of this Paper, the work of Sectoral Committees and Budget Committee was still hampered by lack of costed sector programmes that would enhance the oversight functions of those Committees. However, the Budget Committee could request for the information from the County Treasury and it was provided.

23. **Mr. Speaker** to ensure that the County Sector ceilings are realistic and within the most achievable resource envelope, the Committee would be making recommendations on the same to this House for adoption.

4. SUBMISSION FROM MEMBERS OF THE PUBLIC

24. **Mr. Speaker Sir**, Members may recall that on Monday 20th February 2017 the Budget Committee undertook public hearings on the CFSP at Charter Hall. The following were some of the recommendations from the Members of the public: -

- i. **Allocate funds for non- communicable diseases** - the public requested the Budget Committee to apportion funds for the treatment and distribution of drugs for non-communicable diseases in the Hospitals and clinics.
- ii. **Improve infrastructure for business to flourish** - the Business Community requested the County to improve roads infrastructure and ease business registration to enable the flourishing of business.
- iii. **Include in the Budget development funds for artistes and the creative industry** - the artisans pleaded with the County Government to allocate some monies towards artistes to enable the progression of the industry.
- iv. **Allocate funds for development of ECD in all primary schools** - the Members of Public requested the County to allocate funds towards the construction and renovation of nursery schools in all primary schools in the County.
- v. **Include motorcycle operators and businesses in the County Strategic plan** - the Motorcycle Association requested the County to factor the operators in the County Strategic Plan and Development Agenda.
- vi. **Allocate funds to take care of the aged** - the Public pointed out that a percentage of Nairobi residents were aged and unable to support themselves economically and requested the County to contemplate assisting them financially.
- vii. **Allocate funds to improve water availability and drainages in the slum areas** - the Members of public raised concerns over the high cost of water in slum areas and epidemic of diseases due to poor drainage. they requested that funds be allocated towards ensuring water connectivity in the areas and improved drainages.
- viii. **Implement the Wards Development Fund** - the Public urged the County to fully operationalize the Ward Development Funds to ignite fair development in the Wards.
- ix. **Allocate funds to rehabilitate Thiongo Road** - Members of Public complained that despite demolition of residential houses along the road the road remained unconstructed and requested speedy construction before the rains commenced.

- x. **Allocate funds for recycling centers at every Sub-Counties** – the Members raised concerns over the deplorable state of the Dandora dumpsite and requested the County to allocate funds for Construction of waste recycling centers in the Sub counties.

25. Further, **Mr. Speaker Sir**, during the consideration of this Paper, the Budget Committee had the opportunity to meet the non-state members of the County Budget and Economic Forum. The representatives enlightened the Committee on several shortcomings they had identified in the document which they submitted needed to be corrected to make it better and improve the County's budget proposal. Of more concern to the Committee was that the team narrated to the Committee the ignominious state of affairs within the body established by the provisions of Section 137 of the PFM Act, 2012. Issues like delay of payment of allowances, not being involved fully in County budget processes and being treated with disdain by the County officials fall below the expectations of the law and the rational thinking of the Budget Committee. The team also requested the County Assembly to consider allocating them adequate funds to carry out their activities as per the enabling statute. To ensure the team is not financially strapped, the Committee will be proposing amendments in the budget for the Finance and Economic Planning Sector to allocate funds for the Forum.

5. SUBMISSIONS FROM SECTORAL COMMITTEES

26. **Mr. Speaker** the provisions of Standing Order 206 (3) guide on the procedure of scrutinizing the County Fiscal Strategy Paper once it has been tabled in the County Assembly. 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 our standing orders, 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 2017-18.

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

a) Agriculture, Environment and Natural Resources Committee

- i. That the recurrent expenditure ceilings for the Agriculture, Livestock Development and Fisheries be increased by Kshs. 80million to Kshs. 442million consisting of Kshs. 40million for personnel emoluments and Kshs. 40million for operations and maintenance; and
- ii. That the budget ceilings for the Environment Sub-Sector be maintained as in the submitted CFSP.

b) Trade, Tourism and Cooperatives Committee

- i. That the budget ceilings and fiscal strategies for the Sector be approved as contained in the presented CFSP

c) Justice and Legal Affairs Committee

- i. That the ceilings for the Administration Sector be revised upwards;
- ii. That the recurrent budget for the ICT Sector be increased from Kshs. 266million to Kshs. 366million. The development budget be revised upwards from Kshs. 153million to Kshs. 453million;
- iii. That the development ceilings for the City Inspectorate and Disaster Management be increased from Kshs. 150million to Kshs. 256million consisting of Kshs. 70million for procurement of 20 Double Cabin 4 *4 pick-ups; Procurement of 2 lorries at Kshs. 24million and Kshs. 12million for procurement of 1 bus for ferrying offenders; and
- iv. That the Legal Affairs Department be allocated an additional Kshs. 100million in their recurrent vote for decretal fees.

d) Culture and Community Services Committee

- i. That the budget ceilings for the Education, Youth Affairs, Sports and Social Services Sector be maintained at Kshs. 1.792billion and be allocated as in the presented CFSP;
- ii. That the budget ceilings for the Security, Compliance and Disaster Management Sub-Sector be separated from the Governor's Office Vote;
- iii. That the ceilings for the Fire and Disaster Management Sector be maintained at Kshs. 11.6million as in the presented CFSP;
- iv. That the Kshs. 200million requested by the Security, Compliance and Disaster Management be denied;
- v. That the sector allocates funds for Public participation;
- vi. That the sector presents report on the status of implementation of projects allocated funds in previous budgets; and
- vii. That the procurement process be reformed to ensure that approved projects are implemented.

e) Transport and Public Works Committee

- i. That the development ceiling for the Sector be raised by Kshs. 1,299,037,313; and
- ii. That the Finance and Economic Planning Sector ensures payment of all capital projects outlined in the Sector budget.

f) Health Services Committee

- i. That the Sector budget ceilings and fiscal strategies be approved as proposed.

g) Children, Early Childhood and Vocational Training Committee

- i. That the budget ceilings be maintained as in the presented CFSP

h) Physical Planning and Housing Committee

- i. That the budget ceilings for the Urban Planning and the Lands Sector be increased from Kshs. 737million to Kshs. 999million; and

- ii. That the ceilings for the Urban Renewal Sector be increased from Kshs. 362million to Kshs. 779million.

i) Labor and Social Welfare Committee

- i. That the ceilings for County Public Service Board be maintained at Kshs. 100million;
- ii. That the ceiling for the Public Service Management be adjusted upwards to Kshs. 3.3billion to accommodate enough funds for Voluntary Early Retirement and Operational expenditure; and
- iii. That the budget for Sports and Social Services be maintained at Kshs. 20million to cater for various sports grounds

j) Water and Sanitation Committee

- i. That Kshs. 115million be allocated to roll out the Sewer Revolving Fund;
- ii. That the allocation for establishment of public toilets in the Sub-Counties be increased by Kshs. 85million to Kshs. 100million.
- iii. Kshs. 170million be allocated for ward based water projects at Kshs. 2million per ward;
- iv. That Kshs. 20million be allocated for Nairobi River cleaning exercise;
- v. That Kshs. 160million be allocated for paying water Bills for the County Government; and
- vi. The budget for the Nairobi City Water and Sewerage Company be incorporated in the County Fiscal Strategy Paper for the FY 2017-18

6. OBSERVATIONS ON SELECTED SECTOR BUDGETS

28. **Mr. Speaker Sir**, the Budget Committee has a role of standing in the gap and midwifing between the County Treasury, the various Sectors in the County Government, the Public and this County Assembly on requests for funding. The Committee is hence keen to ensure that Sectors present achievable budget figures and that the same is equivalent to our revenue receipts. During deliberations on this CFSP for the FY 2017-18, the Budget Committee noted with concern that despite the well broadcasted fact that the County has been largely unable to collect its optimal amount of revenue, most Sectoral Committees once again came up with proposals that, if implemented, would have the net effect of doubling our budget totals to almost twice the sum of the revenues the County generates. To ensure that the County undertakes its priorities but more so that it does the same within a realistic budget estimate, the Budget Committee after extensive deliberations with various stakeholders on the prevailing realities has taken a conscious decision to deny some of the requests from the Sectoral Committees.

29. **Mr. Speaker Sir**, the Committee continues to lament the slow pace of implementation of projects approved by this Assembly. The Committee notes that zeal with which Sectors advance arguments for additional allocations is never directly translated to real work which is utilizing the development funds. It is for this reason that the budget documents are still filled with budgets which have been with us since the financial year 2013-14. Most of the repetitive project are majorly in Transport Sector which despite a generous allocation in this financial year of Kshs. 4.9billion still projects to roll over almost its entire development budget to coming financial year.

Another Sector is Planning which the Committee notes has spent the better part of the last three financial years developing plans with no clear progress on the implementation of these plans.

30. **Mr. Speaker Sir**, the Governor's Office through the departments under it has continually spent on purchase of vehicles. The CFSP reports that the Sector spent Kshs. 549million to purchase 33 vehicles in the FY 2014-15. Despite this reported achievement, the Sector has still requested for purchase of vehicles more than Kshs. 200million. The same scenario appears under the Environment Sector which has been undertaking to purchase Lorries, improve Dandora dumpsite and clean Nairobi Dam, projects that it has been preaching over the past four budgets. Under this Sector, the Committee has failed to comprehend how the huge requests for garbage fees relates to the privatization of garbage collection.

31. **Mr. Speaker**, it is a growing concern that Nairobi County remains heavily burdened by a huge wage bill that needs not only an urgent but also a lasting solution. Limiting the growth on expenditures on personnel emoluments is paramount to ease resources for development and make the wards better. However, it was shocking to note that most Sectors presented to the Committee proposals of additional employment in the coming financial year which would raise the remuneration package to more than 50% of our total revenues. Whereas the Committee was at times swayed by the reasons given for additional recruitments, it considered our revenues against the proposed expenditures and resolved to invite this Assembly to continue implementing the freeze on all additional employments over the medium-term period. This will enable us to get our development footing before we continue committing more funds to avoidable recurrent expenditures.

32. **Mr. Speaker Sir**, the Committee during its scrutiny of the Sector reports with the Chairs of the Sectoral committees noted again that there were discrepancies on the sector achievements with the reality on the ground. Some of the Chairs of Sectoral Committees informed the Budget Committee that there were many cases of projects that had neither started nor made meaningful progress yet the same were reported as sector achievements. The Budget Committee urges the Sectoral Committees to take it upon themselves to ensure and ascertain that the claims by the County Executive are both factual.

7. COMMITTEE'S RECOMMENDATIONS

33. **Mr. Speaker**, as has been canvassed, the County Fiscal Strategy Paper for the FY 2017-18 as submitted had many shortcomings that need to be addressed to ensure that the paper complies with the legal parameters. The remainder of this report should hence be construed as proposed amendment to the submitted CFSP while considering the recommendations of the County Treasury, the Sectors, the Sectoral Committees and Members of the public.

34. Therefore, **Mr. Speaker Sir**, in addition to the recommendations contained in other parts of this report, the Committee recommends that the Assembly resolves as follows:

a) Policy Measures

- i. That in compliance with the provision of Section 107 (2) (c) and Regulation 25 (1) (b) the Assembly resolves that the County continues implementing the freeze on replacement of employees leaving the service due to natural attrition and retirement as approved in the CFSP for the FY 2016-17. The County maintains the freeze any additional employment over the medium term and that any specialized employment requirement shall be subject to budgetary provision as approved by this County Assembly;
- ii. That the total allocation and expenditure on development for the County Government for the next two financial years shall not be less than 32% of the total county budget;
- iii. That the County Treasury avails the specific projects and programmes for all sector while tabling the estimates;
- iv. That the County implements and finalizes the incomplete projects from the previous financial years;
- v. That the Public Service Management develops a policy to guide Voluntary Early Retirement;
- vi. That the Legal Affairs department develops a policy regarding decretal fees and that the same be presented to this County Assembly for consideration;
- vii. That the ICT Sector develops and presents to the County Assembly for approval the ICT policy considering the role of the various Sectors in coming up with IT related activities;
- viii. The CEC Finance to come up with proper policies to regulate commitments to march quarterly commitments to revenues for each quarter;
- ix. That measures be initiated to ensure that actual expenditure on wages and salaries reduces gradually to 35% by FY 2020/21;
- x. That the County through its various departments, in compliance with the Nairobi City County Public Participation Act 2015, ensures that there are sufficient allocations not less than 2% of total county revenues for public participation; and
- xi. That the CEC Education develops a policy on how to support Artists in the County.

b) Expenditure Ceilings

- i. That the Budget for County Executive Services be enhanced by Kshs.30million to cater for the allowances and activities of the non- state actors of the County Budget and Economic Forum;
- ii. That the ceilings for the two arms of government be set as follows:
County Assembly- Kshs. 1.615billion
County Executive - Kshs.34.299billion
- iii. That the schedules 1 and 2 attached to this report forms the basis for the FY 2017/18 budget.

c) Medium Term Debt Management Strategy

- i. That the Assembly approves the debt management strategies underpinning the 2017 CFSP and the budget estimates for the FY 2017-18 and that the same remains binding for the next two financial years

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 206 (7) the County Budget and Appropriation Committee recommends that:

This County Assembly adopts the Nairobi City County Fiscal Strategy Paper for the FY 2017/18 and the Nairobi City County Debt Management Strategy Paper for the FY 2017/18

Schedule 1: Revenue Ceilings for the MTEF Period

REVENUES	CFSP 2017/18	PROJECTIONS	
		2018/2019	2019/2020
Equitable Share	14,967	15,715	16,501
CONDITIONAL GRANTS			
Free Maternal Health Care	303	303	303
Compensation For User Fees Forgone	73	73	73
Road Maintenance Levy	394	394	394
DANIDA-HEALTH SECTOR SUPPORT	0	0	0
Leasing of Medical Equipment	0	0	0
TOTAL EXTERNAL REVENUES	15,736	16,485	17,271
LOCAL SOURCES			
RATES	5,555	5,722	5,893
PARKING FEES	3,575	3,682	3,793
SINGLE BUSINESS PERMITS	3,636	3,745	3,857
BLDNG PERMITS (1.25 of const. cost)	1,717	1,769	1,822
BILLBOARDS & ADVERTS	1,212	1,248	1,286
RENTS-other estates	303	312	321
Rents-EASTLANDS	303	312	321
DECENTRALIZATION-WARDS	242	249	257
LIQUOR LICENSES	383	394	406
CONSTRUCTION SITE BOARD	202	208	214
FIRE INSPECTION CERT	182	187	193
REGUL. OF BLDNG /CHANGE /AMALG/SUB	263	271	279
WAKULIMA MARKET	145	149	154
OTHER MARKETS	145	149	154
FOOD HANDLERS CERT	219	226	232
OTHER INCOMES	1,679	1,729	1,781
PROJECTED CASH BALANCES	412		
SUB-TOTAL (LOCAL SOURCES)	20,178	20,354	20,964
TOTAL	35,914	36,839	38,235





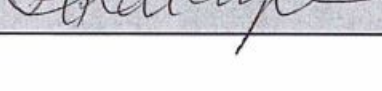
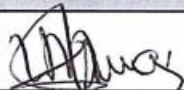
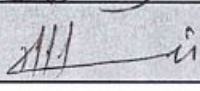
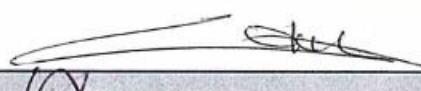
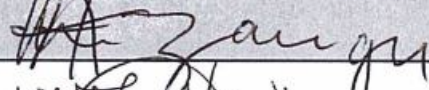

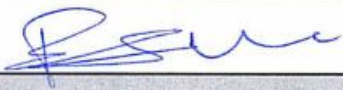
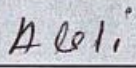
Schedule 2: Sector Expenditure Ceilings

Sector	Programmes	Nairobi City County CFSP Ceilings for FY2017/18				
		Personnel	Use of goods and services	Recurrent	Development	Total
County Public Service Board	General Administration Planning and Support Services	36	35	71	29	100
	Total	36	35	71	29	100
Office Of Governor & Deputy Governor	General Administrative Services	2,318	429	2,747	235	2,982
	Security and Safety Management	2,156	205	2,361	150	2,511
	Management of legal affairs	85	100	185	20	205
	Total	4,559	734	5,293	405	5,698
ICT, E-Govt& Public Communications	Information And Communication Services	73	191	264	76	340
	Mass Media Skills Development		7	7	-	7
	ICT Infrastructure Development		14	14	77	91
	Total	73	212	285	153	438
Finance And Economic Planning	General Administration Planning and Support Services	910	12	922	5	927
	Public Financial Management & Debt Resolutions		2,639	2,639	125	2,764
	Economic and Financial Policy Formulation and Management		100	100	40	140
	Total	910	2,751	3,661	170	3,831
Health	General Administration, Planning and Support Services	4,645	520	5,165	110	5,275
	Preventive & Promotive Health Services		61	61	-	61
	Curative Care		515	515	1,144	1,659
	Total	4,645	1,096	5,741	1,254	6,995
Urban Planning And Lands	General Administration Planning and Support Services	311	8	319	-	319
	Urban Planning, compliance & enforcement		28	28	276	304
	Land management		32	32	168	200
	Total	311	68	379	444	823
Public Works, Transport &	General Administration Planning and Support Services	760	344	1,104	-	1,104

Infrastructure	Roads, Drainage & Bridges		43	43	3,911	3,954
	Road Safety Interventions		8	8	190	198
	Institutional Buildings & Maintenance		14	14	840	854
	Total	760	409	1,169	4,941	6,110
Education, Youth, Children, Culture, Sports, And Social Services	General Administration, Planning and Support Services	957	270	1,227	-	1,227
	Education services		43	43	190	233
	Social services		128	128	155	283
	Total	957	441	1,398	345	1,743
Trade, Commerce, Tourism & Cooperatives	General Administration Planning and Support Services	359	25	384	10	394
	Co-operative Development and Audit Services		36	36	-	36
	Tourism Promotion and Marketing		35	35	15	50
	Trade development and Market Services		49	49	450	499
	Licensing and Fair Trade Practices		114	114	85	199
	Total	359	259	618	560	1,178
Public Service Management	General Administration Planning and Support Services	1,210	12	1,222	10	1,232
	Performance Management and Public Service Delivery		9	9	20	29
	Public Service Transformation		970	970	87	1,057
	Voluntary Early Retirement	50	-	50	-	50
	Total	1,260	991	2,251	117	2,368
Agriculture, Livestock Development , Fisheries & Forestry	General Administration Planning and Support Services	308	8	316	41	357
	Crop Development and Management		12	12	-	12
	Livestock Resources Management and Development		12	12	54	66
	Fisheries Development and Management		12	12	26	38
	Animal Health, Safety and Quality Assurance		13	13	33	46
	Afforestation		10	10	-	10
	Total	308	67	375	154	529

Environment, Water, Energy & Natural Resources	General Administration & Support Services	496	15	511	10	521
	Environment Management and Protection.		860	860	540	1,400
	Water Resources Management		15	15	350	365
	Total	496	890	1,386	900	2,286
Urban Renewal And Housing	General Administration Planning and Support Services	71	14	85	-	85
	Housing Development and Human Settlement		35	35	140	175
	Building Services		20	20	40	60
	Total	71	69	140	180	320
County Assembly	Legislation and oversight	650	644	1,294	321	1,615
Ward Development Fund	Ward Development Projects		54	54	1,736	1,790
Emergency Fund	Emergency fund Services			-	90	90
Total Budget		15,395	8,720	24,115	11,799	35,914

We the undersigned Members of the Budget and Appropriations Committee affirm that this is the approved report of the Committee on the Nairobi City County Fiscal Strategy Paper 2017

NAME	SIGNATURE
1. Hon. Michael Okumu, MCA	
2. Hon. George Ochoa, MCA.	
3. Hon. Fredrick Obenge, MCA.	
4. Hon. Caroline Muga, MCA	
5. Hon. Helen Katangie, MCA	
6. Hon. Osman Ibrahim, MCA	
7. Hon. Jackson Gikandi, MCA	
8. Hon. Kenneth Muroki, MCA	
9. Hon. David Kairu, MCA	
10. Hon. Catherine Okoth, MCA	
11. Hon. Herman Azangu, MCA	
12. Hon. Magdalene Mbogori, MCA	
13. Hon. Jane Muasya, MCA	
14. Hon. Peter Isuha, MCA	
15. Hon. Isaac Ngige, MCA	
16. Hon. Ngaruiya Chege, MCA	
17. Hon. Samuel Irungu, MCA	
18. Hon. Bernadette Wangui, MCA	
19. Hon. Victoria Alali, MCA	

MINUTES OF THE 21ST SITTING OF 2016 OF THE NAIROBI CITY COUNTY ASSEMBLY FINANCE BUDGET AND APPROPRIATIONS COMMITTEE HELD ON TUESDAY 28TH FEBRUARY 2017 AT 11AM AT CHARTER HALL, CITY HALL BUILDINGS

PRESENT

- | | |
|----------------------------------|---------------|
| 1. Hon. Michael Ogada, MCA | Chairman |
| 2. Hon. George Ochola, MCA | Vice Chairman |
| 3. Hon. Peter Isuha, MCA | |
| 4. Hon. Fredrick Obenge, MCA | |
| 5. Hon. Kenneth Muroki, MCA | |
| 6. Hon. Jane Muasya, MCA | |
| 7. Hon. David Kairu, MCA | |
| 8. Hon. Catherine Akoth, MCA | |
| 9. Hon. Hellen Katangie, MCA | |
| 10. Hon. Herman Azangu, MCA | |
| 11. Hon. Victoria Alali, MCA | |
| 12. Hon. Magdalene Mbongori, MCA | |
| 13. Hon. Caroline Muga, MCA | |

ABSENT

14. Hon. Jackson Kiama, MCA
15. Hon. Bernadette Wangui, MCA
16. Hon. Isaac Ngige, MCA
17. Hon. Osman Adow, MCA
18. Hon. Samuel Irungu, MCA
19. Hon. Ngaruiya Chege, MCA

SECRETARIAT

- | | |
|----------------------|----------------|
| 1. Mr. Moses Senator | Fiscal Analyst |
|----------------------|----------------|

MIN89/FBAC/FEB/2017: Preliminaries

The Chairman called the meeting to order at 11AM with prayers being led by Hon. David Kairu

MIN90/FBAC/FEB/2017: Adoption of the Committee Report on the Supplementary Budget FY2016/17

The Members went through the report of the Supplementary estimates for FY2016/17 and adopted it with the following changes after being proposed by Hon. Jane Muasya and Seconded by Hon. Fredrick Obenge

That in Trade, Commerce, Tourism and Cooperatives Sector:

- Kshs. 60 Million be reduced from the allocation to Quarry Road Market.
- Kshs. 50 Million be reduced from the allocation to City Stadium and Mlango Kubwa markets.
- Kshs.4 Million be reduced from the allocation for renovation of various Markets
- Kshs. 15 Million be reduced from the allocation to Makina Market.
- That the above reductions of Kshs.129 Million be allocated for purchase of Mugumuini Market.

MIN91/FBAC/FEB/2017: Adoption of the Committee Report on the Supplementary Budget FY2016/17


The Members went through the report of the CFSP 2017 and adopted it without any changes after being proposed by Hon. Hellen Katangie and Seconded by Hon. Caroline Muga

MIN92/FBAC/FEB/2017: Adjournment.

The time being five minutes to 12PM, the Chair adjourned the meeting

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign.....

Date.....

Hon. Michael O. Ogada (Chairman)

MINUTES OF THE 20TH SITTING OF 2016 OF THE NAIROBI CITY COUNTY ASSEMBLY FINANCE BUDGET AND APPROPRIATIONS COMMITTEE HELD ON SUNDAY 26TH FEBRUARY 2017 AT 9AM AT MASADA HOTEL, NAIVASHA NAKURU

PRESENT

- | | |
|----------------------------------|---------------|
| 1. Hon. Michael Ogada, MCA | Chairman |
| 2. Hon. George Ochola, MCA | Vice Chairman |
| 3. Hon. Osman Adow, MCA | |
| 4. Hon. Peter Isuha, MCA | |
| 5. Hon. Fredrick Obenge, MCA | |
| 6. Hon. Kenneth Muroki, MCA | |
| 7. Hon. Jane Muasya, MCA | |
| 8. Hon. David Kairu, MCA | |
| 9. Hon. Ngaruiya Chege, MCA | |
| 10. Hon. Catherine Akoth, MCA | |
| 11. Hon. Samuel Irungu, MCA | |
| 12. Hon. Herman Azangu, MCA | |
| 13. Hon. Victoria Alali, MCA | |
| 14. Hon. Magdalene Mbongori, MCA | |
| 15. Hon. Caroline Muga, MCA | |

ABSENT

16. Hon. Jackson Kiama, MCA
17. Hon. Bernadette Wangui, MCA
18. Hon. Isaac Ngige, MCA
19. Hon. Hellen Katangie, MCA

In Attendance

County Executive Officers

- | | |
|-----------------------|-----------------------|
| 1. Mr. James Ngunjiri | Head of County Budget |
| 2. Mr. Shaban Asman | Chief Revenue Officer |
| 3. Mr. Tirus Kamau | Budgeting |

- | | |
|-------------------------|-----------------|
| 4. Ms.Elizabeth Nderitu | Accountant |
| 5. Ms. Peris Wanjiru | Accountant |
| 6. Mr. Daniel Kibet | Payroll Manager |
| 7. Mr. Andrew Kigen | Economist |

SECRETARIAT

- | | |
|--------------------------|---------------------------------|
| 1. Ms. Adah Onyango | Principle Clerk Assistant |
| 2. Mr. Fredrick Macharia | Senior Finance Planning Officer |
| 3. Mr. Erick Otieno | Fiscal Analyst |
| 4. Mr. Moses Senator | Fiscal Analyst |
| 5. Mr. Farah Gabow | Finance Officer |
| 6. Ms. Evelyn Akinyi | Clerical Officer |

MIN84/FBAC/FEB/2017.Pleliminaries

The meeting started at ten Munities to 10 o'clock with prayers been said by Hon. Alali.

MIN85FBAC/FEB/2017: Determination on the Recommendations of the Sectoral Committees

During deliberations on this CFSP for the FY 2017-18, the Budget Committee noted with concern that despite the well broadcasted fact that the County was largely unable to collect its optimal amount of revenue, most Sectoral Committees once again came up with proposals that, if implemented, would have the net effect of doubling the budget totals to almost twice the sum of the revenues the County generates. To ensure that the County undertook its priorities but more so that it does the same within a realistic budget estimate, the Budget Committee after extensive deliberations with various stakeholders on the prevailing realities took a conscious decision to deny some of the requests from the Sectoral Committees.

MIN86/FBAC/FEB/2017: Determination on the Policy Measures related to the implementation.

- i. That in compliance with the provision of Section 107 (2) (c) and Regulation 25 (1) (b) the Assembly resolves that the County continues implementing the freeze on replacement of employees leaving the service due to natural attrition and retirement as approved in the CFSP for the FY 2016-17. The County maintains the freeze any additional employment over the medium term and that any specialized employment

- requirement shall be subject to budgetary provision as approved by this County Assembly;
- ii. That the total allocation and expenditure on development for the County Government for the next two financial years shall not be less than 32% of the total county budget;
 - iii. That the County Treasury avails the specific projects and programmes for all sector while tabling the estimates;
 - iv. That the County implements and finalizes the incomplete projects from the previous financial years;
 - v. That the Public Service Management develops a policy to guide Voluntary Early Retirement;
 - vi. That the Legal Affairs department develops a policy regarding decretal fees and that the same be presented to this County Assembly for consideration;
 - vii. That the ICT Sector develops and presents to the County Assembly for approval the ICT policy considering the role of the various Sectors in coming up with IT related activities;
 - viii. The CEC Finance to come up with proper policies to regulate commitments to march quarterly commitments to revenues for each quarter;
 - ix. That measures be initiated to ensure that actual expenditure on wages and salaries reduces gradually to 35% by FY 2020/21;
 - x. That the County through its various departments, in compliance with the Nairobi City County Public Participation Act 2015, ensures that there are sufficient allocations not less than 2% of total county revenues for public participation; and
 - xi. That the CEC Education develops a policy on how to support Artists in the County.

MIN87/FBAC/FEB/2017: Deliberations and Determination on the Final Sector Ceilings for the County Assembly and the County Government Entities and the Revenue Projections for the FY2017/18 and Over the Medium Term

After Much deliberations the Committee resolved;

- i. That the Budget for County Executive Services be enhanced by Kshs.30million to cater for the allowances and activities of the non- state actors of the County Budget and Economic Forum;
- ii. That the ceilings for the two arms of government be set as follows:
 - County Assembly- Kshs. 1.615billion
 - County Executive – Kshs.34.299billion

Schedule 1: Revenue Ceilings for the MTEF Period			
		PROJECTIONS	
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Equitable Share	14,967	15,715	16,501
CONDITIONAL GRANTS			
Free Maternal Health Care	303	303	303
Compensation For User Fees Forgone	73	73	73
Road Maintenance Levy	394	394	394
DANIDA-HEALTH SECTOR SUPPORT	0	0	0
Leasing of Medical Equipment	0	0	0
TOTAL EXTERNAL REVENUES	15,736	16,485	17,271
LOCAL SOURCES			
RATES	5,555	5,722	5,893
PARKING FEES	3,575	3,682	3,793
SINGLE BUSINESS PERMITS	3,636	3,745	3,857
BLDNG PERMITS (1.25 of const. cost)	1,717	1,769	1,822
BILLBOARDS & ADVERTS	1,212	1,248	1,286
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LIQUOR LICENSES	383	394	406
CONSTRUCTION SITE BOARD	202	208	214
FIRE INSPECTION CERT	182	187	193
REGUL. OF BLDNG /CHANGE /AMALG/SUB	263	271	279
WAKULIMA MARKET	145	149	154
OTHER MARKETS	145	149	154
FOOD HANDLERS CERT	219	226	232
OTHER INCOMES	1,679	1,729	1,781
PROJECTED CASH BALANCES	412		
SUB-TOTAL (LOCAL SOURCES)	20,178	20,354	20,964

Schedule 2: Sector Expenditure Ceilings

TOTAL		35,914	36,839	38,235		
Sector	Programmes	Nairobi City County CFSP Ceilings for FY2017/18				
		Personnel	Use of goods and services	Recurrent	Development	Total
County Public Service Board	General Administration Planning and Support Services	36	35	71	29	100
	Total	36	35	71	29	100
Office Of Governor & Deputy Governor	General Administrative Services	2,318	429	2,747	235	2,982
	Security and Safety Management	2,156	205	2,361	150	2,511
	Management of legal affairs	85	100	185	20	205
	Total	4,559	734	5,293	405	5,698
ICT, E-Govt& Public Communications	Information And Communication Services	73	191	264	76	340
	Mass Media Skills Development		7	7	-	7
	ICT Infrastructure Development		14	14	77	91
	Total	73	212	285	153	438
Finance And Economic Planning	General Administration Planning and	910	12	922	5	927

	Support Services					
	Public Financial Management & Debt Resolutions		2,639	2,639	125	2,76
	Economic and Financial Policy Formulation and Management		100	100	40	14
	Total	910	2,751	3,661	170	3,83
Health	General Administration, Planning and Support Services	4,645	520	5,165	110	5,27
	Preventive & Promotive Health Services		61	61	-	6
	Curative Care		515	515	1,144	1,65
	Total	4,645	1,096	5,741	1,254	6,99
Urban Planning And Lands	General Administration Planning and Support Services	311	8	319	-	31
	Urban Planning, compliance & enforcement		28	28	276	30
	Land management		32	32	168	20
	Total	311	68	379	444	82
Public Works, Transport & Infrastructure	General Administration Planning and Support Services	760	344	1,104	-	1,10

	Roads, Drainage & Bridges		43	43	3,911	3,954
	Road Safety Interventions		8	8	190	198
	Institutional Buildings & Maintenance		14	14	840	854
	Total	760	409	1,169	4,941	6,110
Education, Youth, Children, Culture, Sports, And Social Services	General Administration, Planning and Support Services	957	270	1,227	-	1,227
	Education services		43	43	190	233
	Social services		128	128	155	283
	Total	957	441	1,398	345	1,743
Trade, Commerce, Tourism & Cooperatives	General Administration Planning and Support Services	359	25	384	10	394
	Co-operative Development and Audit Services		36	36	-	36
	Tourism Promotion and Marketing		35	35	15	50
	Trade development and Market Services		49	49	450	499
	Licensing and Fair Trade Practices		114	114	85	199
	Total	359	259	618	560	1,178
Public Service Management	General Administration	1,210	12	1,222	10	1,232



	Planning and Support Services					
	Performance Management and Public Service Delivery		9	9	20	2
	Public Service Transformation		970	970	87	1,05
	Voluntary Early Retirement	50	-	50	-	5
	Total	1,260	991	2,251	117	2,36
Agriculture, Livestock Development, Fisheries & Forestry	General Administration Planning and Support Services	308	8	316	41	35
	Crop Development and Management		12	12	-	1
	Livestock Resources Management and Development		12	12	54	6
	Fisheries Development and Management		12	12	26	5
	Animal Health, Safety and Quality Assurance		13	13	33	4
	Afforestation		10	10	-	1
		308	67	375	154	52
Environment, Water, Energy &	General Administration & Support Services	496	15	511	10	52

Natural Resources	Environment Management and Protection.		860	860	540	1,400
	Water Resources Management		15	15	350	365
	Total	496	890	1,386	900	2,286
Urban Renewal And Housing	General Administration Planning and Support Services	71	14	85	-	85
	Housing Development and Human Settlement		35	35	140	175
	Building Services		20	20	40	60
	Total	71	69	140	180	320
County Assembly	Legislation and oversight	650	644	1,294	321	1,615
Ward Development Fund	Ward Development Projects		54	54	1,736	1,790
Emergency Fund	Emergency fund Services			-	90	90
Total Budget		15,395	8,720	24,115	11,799	35,914

MIN88/FBAC/FEB/2017: Adjournment.

The time being two O'clock in the afternoon, the Chair adjourned the meeting

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign..... Date.....

Hon. Michael O. Ogada (Chairman)

MINUTES OF THE 19TH SITTING OF 2016 OF THE NAIROBI CITY COUNTY ASSEMBLY FINANCE BUDGET AND APPROPRIATIONS COMMITTEE HELD ON SARTUDAY 25TH FEBRUARY 2017 AT 2PM AT MASADA HOTEL, NAIVASHA NAKURU

PRESENT

- | | |
|----------------------------------|---------------|
| 1. Hon. Michael Ogada, MCA | Chairman |
| 2. Hon. George Ochola, MCA | Vice Chairman |
| 3. Hon. Osman Adow, MCA | |
| 4. Hon. Peter Isuha, MCA | |
| 5. Hon. Fredrick Obenge, MCA | |
| 6. Hon. Kenneth Muroki, MCA | |
| 7. Hon. Jane Muasya, MCA | |
| 8. Hon. David Kairu, MCA | |
| 9. Hon. Ngaruiya Chege, MCA | |
| 10. Hon. Catherine Akoth, MCA | |
| 11. Hon. Samuel Irungu, MCA | |
| 12. Hon. Hellen Katangie, MCA | |
| 13. Hon. Herman Azangu, MCA | |
| 14. Hon. Victoria Alali, MCA | |
| 15. Hon. Magdalene Mbongori, MCA | |

ABSENT

16. Hon. Jackson Kiama, MCA
17. Hon. Bernadette Wangui, MCA
18. Hon. Caroline Muga, MCA
19. Hon. Isaac Ngige, MCA

In Attendance

Sectoral Committee Chairperson

- | | |
|-------------------------|-------------------------------------|
| i. Hon Manoah Mboku | Chairperson Public Health Committee |
| ii. Hon. Wilson Ocholla | Chairperson Labour |

- | | |
|-------------------------|-------------------------------|
| iii. Hon. Jeffer Kassam | Chairperson Justice Committee |
| iv. Hon. Maxwell Ochar | Chairperson Planning |

County Executive Officers

- | | |
|----------------------------|----------------------------------|
| i. Mr. James Ngunjiri | Ag. Head of County Budget |
| ii. Mr. Nick Otieno | Ag. Head of County Revenue |
| iii. Mr. Kefa Omanga | Head of County Economic Planning |
| iv. Mr. Nixon Otieno | Head of County Revenue |
| v. Mr. Shaban Asman | Chief Revenue Officer |
| vi. Mr. Cyrus Kamau | Budgeting |
| vii. Ms. Elizabeth Nderitu | Accountant |
| viii. Ms. Peris Wanjiru | Accountant |
| ix. Mr. Peter Igwe | Accountant |
| x. Ms. Irene Kihara | Administrator |
| xi. Mr. Sianga Chenge | Economist |
| xii. Mr. Andrew Kigen | Economist |

SECRETARIAT

- | | |
|--------------------------|---------------------------------|
| 1. Ms. Adah Onyango | Principle Clerk Assistant |
| 2. Mr. Fredrick Macharia | Senior Finance Planning Officer |
| 3. Mr. Erick Otieno | Fiscal Analyst |
| 4. Mr. Moses Senator | Fiscal Analyst |
| 5. Mr. Farah Gabow | Finance Officer |
| 6. Ms. Evelyn Akinyi | Clerical Officer |

MIN81/FBAC/FEB/2017: Preliminaries

The Chairman called the meeting to order at 2PM

MIN82/FBAC/FEB/2017: Determination on the Final Estimates for the FY2016-17

The Members considered the Submissions by the Sectoral Committee, the County Executive Officers and the County Assembly, after deliberations with the CEC Finance the Committee recommended;

- i. That the County Budget be revised to Kshs. 34, 682,459,115 with the revised recurrent budget standing at Kshs. 23,124,406,523 and the revised development budget been Kshs. 11,558,052,592;
- ii. That under the Public Service Management Sector the following amendments be made in the Sector the allocation for employer contribution to staff pension scheme be reduced by Kshs.300million.
- iii. That under the Public Health Department, the proposed allocation of Kshs. 96million being conditional grant from the National Government for leasing of medical equipment be knocked off the budget.
- iv. That in the County Assembly the allocation for transfer to Mortgage Scheme fund be reduced by Kshs.70million
- v. That under the Public Service Management Sector the following amendments be made in the Sector:-
 - The allocation for Staff Training be increased by Kshs. 40million to Kshs. 120million;
 - Kshs.61million be allocated for gratuity and retirement benefits of the County Executive Committee Members and Chief Officers; and
 - The allocation for Overtime allowance be increased by Kshs.70million
- vi. That under the Environment Sector the allocation for garbage collection be increased by Kshs.285million.
- vii. That under Finance and Economic Planning Sector the following amendments be effected in the budget: -
 - Allocation for General Insurance be increased by 30million;
 - Review of CIDP be allocated Ksh.15million;
 - Allowances for CBEF be allocated Kshs.10million;
 - Budget Process be allocated Kshs.20million;
 - Allocation for advertisement be increased by Kshs.10million; and
 - Allocation for Training expenses be increased by Kshs.10million
- viii. That the deficit of Kshs.181million be financed from the Cash balances brought forward from the FY 2015-16.
- ix. That Kshs. 12.64million be reallocated under recurrent expenditure in Agriculture Sector from Maintenance of buildings, internet connection, hire of transport equipment, research allowance, other fuels, transport costs to office general supplies, boards and

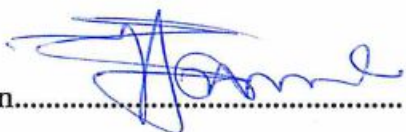
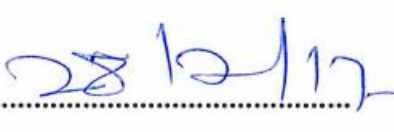
committees, maintenance of equipment, supplies for production and agricultural equipment;

- x. That under the Environment Sector:
 - Kshs. 9million be reallocated from late duty allowance to overtime;
 - Kshs. 10million be reallocated from telephone services to casual payment
- xi. That under Education Sector, the development budget be reallocated to provide Kshs. 138million for Executive bursary.
- xii. That in the County Assembly Kshs. 18,162,131 be reallocated to operational expenses.

MIN83/FBAC/FEB/2017: Adjournment.

The time being eleven minutes to four O'clock, the Chair adjourned the meeting

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign.......... Date..........

Hon. Michael O. Ogada (Chairman)

**MINUTES OF THE 18TH SITTING OF 2016 OF THE NAIROBI CITY COUNTY
ASSEMBLY FINANCE BUDGET AND APPROPRIATIONS COMMITTEE HELD ON
SARTUDAY 25TH FEBRUARY 2016 AT 9AM AT MASADA HOTEL, NAIVASHA
NAKURU**

PRESENT

- | | |
|----------------------------------|---------------|
| 1. Hon. Michael Ogada, MCA | Chairman |
| 2. Hon. George Ochola, MCA | Vice Chairman |
| 3. Hon. Osman Adow, MCA | |
| 4. Hon. Peter Isuha, MCA | |
| 5. Hon. Fredrick Obenge, MCA | |
| 6. Hon. Kenneth Muroki, MCA | |
| 7. Hon. Jane Muasya, MCA | |
| 8. Hon. David Kairu, MCA | |
| 9. Hon. Ngaruiya Chege, MCA | |
| 10. Hon. Catherine Akoth, MCA | |
| 11. Hon. Samuel Irungu, MCA | |
| 12. Hon. Hellen Katangie, MCA | |
| 13. Hon. Herman Azangu, MCA | |
| 14. Hon. Victoria Alali, MCA | |
| 15. Hon. Magdalene Mbongori, MCA | |

ABSENT

16. Hon. Jackson Kiama, MCA
17. Hon. Bernadette Wangui, MCA
18. Hon. Caroline Muga, MCA
19. Hon. Isaac Ngige, MCA

In Attendance

Sectoral Committee Chairperson

- | | |
|------------------------|--|
| 1. Hon. Wilson Ochola | Chairman of Labor |
| 2. Hon. Willfred Odalo | Chairman of Trade |
| 3. Hon. Jack Ngari | Chairman of Early Childhood Education |
| 4. Hon. Kennedy Oduru | Chairman of Transport and Public Works |
| 5. Hon. Ronald Milare | Chairman of Culture |

County Executive Officers

- | | |
|---------------------------|------------------------------------|
| 1. Mr. Gregory Mwakanongo | CECM Finance and Economic Planning |
| 2. Mr. James Ngunjiri | Head of County Budget |
| 3. Mr. Shaban Asman | Chief Revenue Officer |
| 4. Mr. Tirus Kamau | Budgeting |
| 5. Ms. Elizabeth Nderitu | Accountant |
| 6. Ms. Peris Wanjiru | Accountant |
| 7. Mr. Peter Igwe | Accountant |
| 8. Ms. Irene Kihara | Administrator |
| 9. Mr. Sianga Chenge | Economist |
| 10. Mr. Andrew Kigen | Economist |

SECRETARIAT

- | | |
|--------------------------|---------------------------------|
| 1. Ms. Adah Onyango | Principle Clerk Assistant |
| 2. Mr. Fredrick Macharia | Senior Finance Planning Officer |
| 3. Mr. Erick Otieno | Fiscal Analyst |
| 4. Mr. Moses Senator | Fiscal Analyst |
| 5. Mr. Farah Gabow | Finance Officer |
| 6. Ms. Evelyn Akinyi | Clerical Officer |

The Chairman called the meeting to order at 10am with prayers being led by Hon. David Kairu

MIN77/FBAC/FEB/2017: Discussion and determination on the Budget performance for the Public Works, Transport and Infrastructure Sector and revised Budget Estimates for the FY2016/17. Determination on the Sector Fiscal strategies and Budget ceilings for the FY 2017/18

The Chairman told the Committee that following the examination of the County Fiscal Paper for the FY 2017/2018, the Sectoral Committee on Transport, Roads & Public Works noted that the Sector still remains a low absorber of its budget. He said that the low absorption was a major contributor to the slow implementation of projects and rolling over of projects.

The Chairperson told the Budget Committee that the Sectoral Committee resolved to make the following recommendations to the Budget and Appropriations Committee:

1. That the Budget and Appropriations Committee appropriate an additional **Ksh 1,299,037,313** for development.
2. The Finance and Economic Planning Sector to ensure payments for capital projects outlined in the Roads, Transport & Public Works budget are done on time so as to improve the absorption capacity of the Transport sector.

During plenary the following issues were raised

The members enquired from the Chairman the progress of implementing Kshs.5m per ward projects, the Chairman said that some of the projects had been tendered.

The Members enquired whether the sector had factored in the CFSP funds to finish paying for graders, the Chairman replied that the Sector had budgeted for the items under purchase for equipment.

MIN78/FBAC/FEB/2017: Discussion and determination on the Budget performance for the Education, Youth Affairs, Sports, Culture and Social Services Sector and revised Budget Estimates for the FY2016/17. Determination on the Sector Fiscal strategies and Budget ceilings for the FY 2017/18

The Sectoral Committee A.g Chairman Hon.Ngari told the Members that the Committee on Education had recommended that in the supplementary budget the budget be reallocated to provide **Kshs. 137,541,766** for Bursary from Executive the funds to be got from the development

budget. Further the Chairman told the Committee that the ceiling for the Sector for CFSP 2017 be maintained.

The Sectoral Committee on Culture and Community services Chairman Hon. Milare told the Members that the Committee had recommended that the supplementary the estimates be maintained as tabled; The Chairman told the Members that the Committee made the following recommendations to the Budget and Appropriations Committee for consideration;

- i) That most of the Culture and Social Services sub- sector's projects have dominated the budget for the last four years and should be re-evaluated and viability tested with the possibility of exploring alternative options if found unviable. This was in order to avoid hoarding of vital but rare funds in non-starter projects.
- ii) That the ceilings for the Education, Youth Affairs, Sports, Culture and Social Services sector should remain **1.792 billion**;
 - i) **Development Kshs 345 million**
 - ii) **Recurrent Kshs 1.447 billion**
- iii) That the Sector should also consider allocating funds public participation.
- iv) That the Committee recommends that the Kshs 200M proposed by the Security, Compliance and Disaster Management Sector for purchase of land be NOT approved. This was because the County has enough land allocated for construction of fire stations.
- v) That the Committee recommends that Security, Compliance and Disaster Management Sector ceilings be clearly indicated since there was a challenge in distributing the **Kshs 405M (Development)** allocated for the Office of the Governor and Deputy Governor to the various sectors under the Governor's Office. Attached are the sector priority projects.
- vi) That the ceilings for Fire and Disaster Management sub-sector remain **Kshs 11.6M** for enriching the already created fire stations.

During plenary the Members raised the following issues

The Members asked the Chair what criteria was used to propose an increase in the Executive Bursary and why the Committee concluded that funds be reallocated from development; the

Chairman told the Members that the decision was need driven and most of the projects in the sector were in tender stage.

The Members asked why the Sector was asking for funds to construct 18 ECD despite being unable to construct the initial 40 centers; the Chairman told the Members that the contract for the 40 ECD was cancelled because the contractor went against the agreement by providing good containers to be used as classes.

The Committee asked where the proposed ECD were located; the County Executive Officer told the Members that the Committee had downsized from the initial 40 ECDs to 18.

The Members asked the Chairman to provide information on how the Sector used the Kshs.50million allocated towards Muslim Primary School.

Resolution

That in the areas where the work had started the Sector prioritizes and ensures that the classes are built to completion.

The Chief Officer to avail a written submission on the reallocation of development money to fund the executive bursary.

MIN79/FBAC/FEB/2017: Discussion and determination on the Budget performance for the Trade, Cooperatives and Tourism Sector and revised Budget Estimates for the FY2016/17. Determination on the Sector Fiscal strategies and Budget ceilings for the FY 2017/18.

The Chairman Trade told the Members that the Sectoral Committee recommended that:-

- i. The Budget and Appropriations Committee reduce Kshs. 60 million from the amount allocated to Quarry Road Market.
- ii. The Budget and Appropriation Committee to reallocate Kshs. 50 Million that had been allocated to City Stadium and Mlango Kubwa markets.
- iii. The Budget and Appropriation Committee to relocate Kshs. 10 Million from Ngara Market to Migingo Market in Lucky Summer and Karen Market.
- iv. The Budget for renovation of various Markets be reduced by Kshs. 9.532 Million to Kshs. 4,065,000.
- v. The Budget and Appropriation Committee to reduce Kshs. 15 Million from the Kshs. 20 million allocated to Makina Market.
- vi. Therefore, the total above amount allocated to Mugumuini will be Kshs. 129,065,000
- vii. The Committee recommended the Budget and Appropriation Committee to relocate Kshs. 20 Million allocated to weight and measures to Hadhara and Kariokor leather shades to be allocated each Kshs.10 Million each.

In plenary the Members raised the following issues:

The Members asked the Chair whether he was certain that the above projects whose funds the Sectoral Committee was recommended that they be reallocated had not commenced, the Chair replied that the Committee had consulted with the County Executive before recommending.

The Members told the Chair Trade that the allocation to Mugumuini was a new project and that was not the purpose of a supplementary budget.

MIN80/FBAC/FEB/2017: Adjournment.

The time being twenty minutes to one O'clock in the afternoon, the Chair adjourned the meeting

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign.......... Date..........

Hon. Michael O. Ogada (Chairman)

34. Therefore, Mr. Speaker Sir, in addition to the recommendations contained in other parts of this report, the Committee recommends that the Assembly resolves as follows:

a) Policy Measures

- i. That in compliance with the provision of Section 107 (2) (c) and Regulation 25 (1) (b) the Assembly resolves that the County continues implementing the freeze on replacement of employees leaving the service due to natural attrition and retirement as approved in the CFSP for the FY 2016-17. The County maintains the freeze any additional employment over the medium term and that any specialized employment requirement shall be subject to budgetary provision as approved by this County Assembly;
- ii. That the total allocation and expenditure on development for the County Government for the next two financial years shall not be less than 32% of the total county budget;
- iii. That the County Treasury avails the specific projects and programmes for all sector while tabling the estimates;
- iv. That the County implements and finalizes the incomplete projects from the previous financial years;
- v. That the Public Service Management develops a policy to guide Voluntary Early Retirement;
- vi. That the Legal Affairs department develops a policy regarding decretal fees and that the same be presented to this County Assembly for consideration;
- vii. That the ICT Sector develops and presents to the County Assembly for approval the ICT policy considering the role of the various Sectors in coming up with IT related activities;
- viii. The CEC Finance to come up with proper policies to regulate commitments to march quarterly commitments to revenues for each quarter;
- ix. That measures be initiated to ensure that actual expenditure on wages and salaries reduces gradually to 35% by FY 2020/21;
- x. That the County through its various departments, in compliance with the Nairobi City County Public Participation Act 2015, ensures that there are sufficient allocations not less than 2% of total county revenues for public participation; and
- xi. That the CEC Education develops a policy on how to support Artists in the County.

b) Expenditure Ceilings

- i. That the Budget for County Executive Services be enhanced by Kshs.30million to cater for the allowances and activities of the non- state actors of the County Budget and Economic Forum;
- ii. That the ceilings for the two arms of government be set as follows:
County Assembly- Kshs. 1.615billion
County Executive - Kshs.34. 299billion
- iii. That the schedules 1 and 2 attached to this report forms the basis for the FY 2017/18 budget.

c) Medium Term Debt Management Strategy

- i. That the Assembly approves the debt management strategies underpinning the 2017 CFSP and the budget estimates for the FY 2017-18 and that the same remains binding for the next two financial years

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 206 (7) the County Budget and Appropriation Committee recommends that:

This County Assembly adopts the Nairobi City County Fiscal Strategy Paper for the FY 2017/18 and the Nairobi City County Debt Management Strategy Paper for the FY 2017/18

MINUTES OF THE 17TH SITTING OF 2017 OF THE NAIROBI CITY COUNTY ASSEMBLY FINANCE BUDGET AND APPROPRIATIONS COMMITTEE HELD ON FRIDAY 24TH FEBRUARY 2017 AT 2PM AT MASADA HOTEL, NAIVASHA NAKURU

PRESENT

- | | | |
|-----|------------------------------|---------------|
| 1. | Hon. Michael Ogada, MCA | Chairman |
| 2. | Hon. George Ochola, MCA | Vice Chairman |
| 3. | Hon. Osman Adow, MCA | |
| 4. | Hon. Peter Isuha, MCA | |
| 5. | Hon. Fredrick Obenge, MCA | |
| 6. | Hon. Kenneth Muroki, MCA | |
| 7. | Hon. Jane Muasya, MCA | |
| 8. | Hon. David Kairu, MCA | |
| 9. | Hon. Ngaruiya Chege, MCA | |
| 10. | Hon. Catherine Akoth, MCA | |
| 11. | Hon. Samuel Irungu, MCA | |
| 12. | Hon. Hellen Katangie, MCA | |
| 13. | Hon. Herman Azangu, MCA | |
| 14. | Hon. Jackson Kiama, MCA | |
| 15. | Hon. Caroline Muga, MCA | |
| 16. | Hon. Victoria Alali, MCA | |
| 17. | Hon. Magdalene Mbongori, MCA | |

ABSENT

- | | |
|-----|-----------------------------|
| 18. | Hon. Bernadette Wangui, MCA |
| 19. | Hon. Isaac Ngige, MCA |

In Attendance

Sectoral Committee Chairperson

- | | | |
|----|-----------------------|----------------------------------|
| 1. | Hon. Petronila Nafula | Ag. Chairman of Agriculture |
| 2. | Hon. Wilson Ochola | Chairman of Labor |
| 3. | Hon. Alex Otieno | Chairman of Water and Sanitation |

- | | |
|-----------------------|---------------------------------------|
| 4. Hon Maxwell Ochar | Chairman of Planning and Housing |
| 5. Hon. Manoah Mboku | Chairman of Health Services |
| 6. Hon. Jaffer Kassam | Chairman of Justice and Legal Affairs |

County Executive Officers

County Executive Officers

- | | |
|---------------------------|-----------------------------------|
| 1. Mr. Luke Gatimu | CCO Finance and Economic Planning |
| 2. Ms. Njoki Wahome | Chief Officer |
| 3. Mr. James Ngunjiri | Head of County Budget |
| 4. Ms. Mario Kainga | Director of Water |
| 5. Mr. D.M Odera | Director Adm |
| 6. Mr. Manasser Kepha | Deputy Director |
| 7. Mr. S.K Njogu | Ag Director |
| 8. Ms. Alice Mundia | Ag Chief Accountant |
| 9. Mr. Tirus Kamau | Budgeting |
| 10. Ms.Elizabeth Nderitu | Accountant |
| 11. Ms. Peris Wanjiru | Accountant |
| 12. Mr. Peter Igwe | Accountant |
| 13. Ms. Irene Kihara | Administrator |
| 14. Mr. Sianga Chenge | Economist |
| 15. Mr. Andrew Kigen | Economist |
| 16. Ms.Petronilla Kangara | Economist |
| 17. Mr. Sianga Chege | Economist |

SECRETARIAT

- | | |
|--------------------------|---------------------------------|
| 1. Ms. Adah Onyango | Principle Clerk Assistant |
| 2. Mr. Fredrick Macharia | Senior Finance Planning Officer |
| 3. Mr. Erick Otieno | Fiscal Analyst |
| 4. Mr. Moses Senator | Fiscal Analyst |
| 5. Mr. Farah Gabow | Finance Officer |
| 6. Ms. Evelyn Akinyi | Clerical Officer |

MIN71/FBAC/FEB/2017: Preliminaries

The Chairman called the meeting to order at thirty Minutes past 2 O'clock in the evening.

MIN72/FBAC/FEB/2017: Discussion and determination on the Budget performance for the Public Health Sector and revised Budget Estimates for the FY2016/17. Determination on the Sector Fiscal strategies and Budget ceilings for the FY 2017/18

The Chairman Health told the Committee that in the Supplementary Estimates FY 2016/2017, the Sector had proposed upward revision of the development budget by Kshs. 96 million to cater for lease of equipment. He said that the Sector stated that the revision, including the reductions in the recurrent expenditure did not have any impact on the affected programmes as it was a transfer within the same budget. Hon. Manoah told the Committee that the Sectoral Committee found out that the Ksh. 96 million being sought by the Sector for development expenditure for lease of equipment which was a conditional transfer from the National Government. It therefore observed that since this was normally not actual cash to the County as a receivable, and it would be misleading to incorporate it in the County Budget.

The Chairperson went ahead to tell the Committee that following the examination of the Supplementary Estimates for the Financial Year 2016/2017, the Sectoral Committee on Health Services recommended that the Finance, Budget and Appropriations Committee set aside the proposed revision by the Health Sector since it was not actual money to the County Revenue basket, but was a conditional transfer from the National Government towards lease of equipment.

The Chairman of Committee on Public Health said the Committee recommended that the CFSP ceilings be approved without any changes

During plenary the Members raised the following issues

The Members asked the Chairman on health how the Committee planned to ensure that the development budget is absorbed by the Sector. The Chairman said that while some of the factors like lack of funding was beyond the control of either the Sector or Health Committee they were working on developing work plans to ensure implementation

The Members of CBEF asked how the Committee was working to mitigate the high number of staff inherited from the defunct Council. The Chairman Budget Committee told the Members that the County had set aside fund for voluntary early retirement of staff.

The Participants asked what the County Executive was planning to do with the pending bills, the Head of County Budgeting told the Committee that the County Executive was working on resolving the Bills as soon as possible, on her part the Officer from the Credit Control Office told the Committee that discussion where underway on resolving of the historical debts inherited from the defunct Council further funds had been set aside in the budget to settle pending bills.

MIN73/FBAC/FEB/2017: Discussion and determination on the Budget performance for the Finance and Economic Planning Sector and revised Budget Estimates for the FY2016/17. Determination on the Sector Fiscal strategies and Budget ceilings for the FY 2017/18

The Officer from Budget officer told the Committee that the Sector would be seeking a supplementary totaling to Kshs.1.163 billion for debt management. The Officer went ahead to inform the Members that the Sector would be reallocating within its vote.

The Chief Revenue Officer told the Members that as at January 2017 the Sector had collected up to 30%of revenues and was expecting to collect the remaining 70% in the remaining five months. The Officer told the Committee that the under performance of the Sector in revenue collection was attributable to low levels of compliance and enforcement in in the County. The Officer added that the merging of business licenses had also contributed to the low performance.

In plenary the following issues were raised

The Members asked the Officer how they planned to raise the 70% in the remaining months, the Officer told the Committee that though the Sector would try its best it was projected that there would be a deficit of Kshs.6B

The Committee asked the Officer why the County resolved to merge the small business licenses, the CEC Finance responded that though the collection had slowed down the decision was expected to increase revenues.

MIN74/FBAC/FEB/2017: Discussion and determination on the Budget performance for the Water, Environment, Forestry and Natural Resources Sector and revised Budget Estimates for the FY2016/17. Determination on the Sector Fiscal strategies and Budget ceilings for the FY 2017/18

The Chairman Sectoral Committee on Water and Sanitation told the Members that the Sectoral Committee recommended that in the Supplementary Budget for the FY2016/17 additional **Kshs 160,000,000** and **Kshs. 10,000,000** be allocated to aid in remittances and casual payment respectively.

The Chairman told the Members that the Sectoral Committee recommended that in the CFSP 2017 Kshs. 115 Million proposed for the Sewer Revolving Fund be allocated to assist to roll out the Sewer Revolving Fund that will enable residents get revolving funds to connect laterals/sewer extensions to main trunk sewer that is currently at 40%.

That Kshs. 15 Million proposed in FY2017/18 for Public toilets be increased to **Kshs. 100 Million** to ensure all Sub Counties get a Public toilet. This initiative will respond to public outcry

(expressed during the just concluded Public participation) on existing deplorable sanitation services in informal settlements.

That Committee proposes an allocation of **Kshs. 170 Million** for Ward based water projects where each Ward get Kshs. 2 Million. It also proposes Kshs. 20 Million for River cleaning exercise.

That Committee requests for consideration for an allocation of **Kshs. 160 Million** on the recurrent expenditure as it is now clear that the Water Sub sector will be paying water bills for the entire County Government to the Nairobi City Water and Sewerage Company

That the Nairobi Water and Sewerage Company being the only parastatal of the County should have its Budget incorporated in the County Fiscal Strategy Paper.

Hon. Petronilla told the Members that the Committee on Agriculture, Environment & Natural Resources resolved to make the following recommendations to the Budget and Appropriations Committee: That on the recurrent expenditure;

- i. Reallocation of Kshs 9,000,000 from late duty allowance to overtime
- ii. Reallocation of Kshs 10,000,000 from telephone services to casual payment.

The Ag. Chairman water told the ceilings for the Environment, Water & Energy be maintained at **Kshs.1, 552,800,000** for recurrent budget and **Kshs.583, 200,000million** for development budget as there approved appropriation. She went ahead to tell the Members that the Sectoral recommended that in the CFSP that recurrent expenditure ceiling to be maintained at **Kshs 1,473,000,000** and that of the development expenditure be maintained at **kshs 577,500,000** as tabulated in the table below;

DEVELOPMENT EXPENDITURE

S/No.	Item Description	Estimated budget
1	Construction of John Osogo road	120,000,000.00
2	Supervision vehicles	68,000,000.00
3	Baling machines – 1 steel machine & 4 machines for paper & plastics	26,000,000.00
4	Procurement of 68 skips	22,500,000.00
5	Refuse skip loaders (15)	150,000,000.00
6	Construction of ramp, weighbridge & shed	35,000,000.00
7	Pressure Vehicle washing machines (Heavy duty – 2)	10,000,000.00
8	Dandora dumpsite improvement (access roads)	28,500,000.00
9	Landscaping works	20,000,000.00

10	Rehabilitation of Parks (Uhuru Park; Kamukunji)	46,000,000.00
11	Refurbishment of City Park offices	10,000,000.00
12	Climate Change Project (air sampling kits)	10,000,000.00
13	Brush Cutters	4,000,000.00
	Total	577,500,000.00



In plenary the Members raised the following issues

The Committee questioned on the expenditure of funds allocated for drilling of boreholes and provision of water tanks in the wards, the Officer from Water Sector told the Members that the tanks had been procured and were on the process of being delivered in the 35 wards allocated. On the issue of bore hole the officer told the Members that the contract had been signed and services underway.

MIN75/FBAC/FEB/2017: Adjournment.

The time being thirty minutes to five O'clock in the evening, the Chair adjourned the meeting

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign..... Date.....

Hon. Michael O. Ogada (Chairman)

MINUTES OF THE 16TH SITTING OF 2017 OF THE NAIROBI CITY COUNTY ASSEMBLY FINANCE BUDGET AND APPROPRIATIONS COMMITTEE HELD ON FRIDAY 24TH FEBRUARY 2017 AT 9AM AT MASADA HOTEL, NAIVASHA NAKURU

PRESENT

- | | | |
|-----|------------------------------|---------------|
| 1. | Hon. Michael Ogada, MCA | Chairman |
| 2. | Hon. George Ochola, MCA | Vice Chairman |
| 3. | Hon. Osman Adow, MCA | |
| 4. | Hon. Peter Isuha, MCA | |
| 5. | Hon. Fredrick Obenge, MCA | |
| 6. | Hon. Kenneth Muroki, MCA | |
| 7. | Hon. Jane Muasya, MCA | |
| 8. | Hon. David Kairu, MCA | |
| 9. | Hon. Ngaruiya Chege, MCA | |
| 10. | Hon. Catherine Akoth, MCA | |
| 11. | Hon. Samuel Irungu, MCA | |
| 12. | Hon. Hellen Katangie, MCA | |
| 13. | Hon. Herman Azangu, MCA | |
| 14. | Hon. Jackson Kiama, MCA | |
| 15. | Hon. Caroline Muga, MCA | |
| 16. | Hon. Victoria Alali, MCA | |
| 17. | Hon. Magdalene Mbongori, MCA | |

ABSENT

- | | |
|-----|-----------------------------|
| 18. | Hon. Bernadette Wangui, MCA |
| 19. | Hon. Isaac Ngige, MCA |

In Attendance

Sectoral Committee Chairperson

- | | | |
|----|------------------------|-----------------------------|
| 1. | Hon. Petronilla Nafula | Ag. Chairman of Agriculture |
| 2. | Hon. Wilson Ochola | Chairman of Labor |

- | | |
|-----------------------|---------------------------------------|
| 3. Hon. Alex Otieno | Chairman of Water and Sanitation |
| 4. Hon Maxwell Ochar | Chairman of Planning and Housing |
| 5. Hon. Manoah Mboku | Chairman of Health Services |
| 6. Hon. Jaffer Kassam | Chairman of Justice and Legal Affairs |

COUNTY BUDGET ECONOMIC FORUM

- | | |
|---------------------|-----------|
| 1. Rahab Ndambuki | Secretary |
| 2. Wanjiru Gikonyo | Member |
| 3. Abdalla Mohammed | Member |
| 4. Gabriel Kivuti | Member |
| 5. Annet Majoni | Member |

County Executive Officers

- | | |
|---------------------------|-----------------------------------|
| 1. Mr. Luke Gatimu | CCO Finance and Economic Planning |
| 2. Ms. Njoki Wahome | Chief Officer |
| 3. Mr. James Ngunjiri | Head of County Budget |
| 4. Ms. Mario Kainga | Director of Water |
| 5. Mr. D.M Odera | Director Adm |
| 6. Mr. Manasser Kepha | Deputy Director |
| 7. Mr. S.K Njogu | Ag Director |
| 8. Ms. Alice Mundia | Ag Chief Accountant |
| 9. Mr. Tirus Kamau | Budgeting |
| 10. Ms.Elizabeth Nderitu | Accountant |
| 11. Ms. Peris Wanjiru | Accountant |
| 12. Mr. Peter Igwe | Accountant |
| 13. Ms. Irene Kihara | Administrator |
| 14. Mr. Sianga Chenge | Economist |
| 15. Mr. Andrew Kigen | Economist |
| 16. Ms.Petronilla Kangara | Economist |
| 17. Mr. Sianga Chege | Economist |
| 18. Ms. Grace Beatrice | Economist |

19. Mr. James Mbugua	Accountant
20. Mr. Jared Mageto	Accountant
21. Ms. Dorcas Mule	Auditor
22. Mr. Geoffrey Mesi	Auditor
23. Ms. Jane Kamau	Accountant

SECRETARIAT

1. Ms. Adah Onyango	Principle Clerk Assistant
2. Mr. Fredrick Macharia	Senior Finance Planning Officer
3. Mr. Erick Otieno	Fiscal Analyst
4. Mr. Moses Senator	Fiscal Analyst
5. Mr. Farah Gabow	Finance Officer
6. Ms. Evelyn Akinyi	Clerical Officer

MIN65/FBAC/FEB/2017: Preliminaries

The Chairman called the meeting to order at five minutes past ten o'clock with opening prayers being led by Hon. Kenneth Thugi. The Chairman welcomed all the participants to the workshop. Noting the good turn up, he thanked the participants and especially the honorable Members for taking time off their very busy schedules and especially during the time of heavy political activities. Hon. Ogada reminded the participants that the Workshop touched on both the Supplementary budget and the County Fiscal Strategy Paper and it was of key importance to the County. He went ahead to tell the Members that it was a rare occasion that the Committee was examining the CFSP at the same time with the Supplementary budget and it gave an opportunity to the Committee to ensure value for Money as it approved ceilings for the following financial year.

MIN66/FBAC/FEB/2017: Discussion and determination on the Budget performance for the Office of the Governor and the Deputy Governor; ICT, E-government and Public Communication Sector and the Revised Budget Estimates for the FY 2016-17. Determination on the Sector Fiscal Strategies and Budget Ceilings for the FY 2017/18

The Chairman Committee on Justice told the Members that the Committee had recommended in the CFSP the;

- i. That the ceilings for the Administration Sector be revised upwards;

- ii. That the recurrent budget for the ICT Sector be increased from Kshs. 266million to Kshs. 366million. The development budget be revised upwards from Kshs. 153million to Kshs. 453million;
- iii. That the development ceilings for the City Inspectorate and Disaster Management be increased from Kshs. 150million to Kshs. 256million consisting of Kshs. 70million for procurement of 20 Double Cabin 4 * 4 pick-ups; Procurement of 2 lorries at Kshs. 24million and Kshs. 12million for procurement of 1 bus for ferrying offenders; and
- iv. That the Legal Affairs Department be allocated an additional Kshs. 100million in their recurrent vote for decretal fees.
- v. That allocations towards ICT be increased and all ICT functions in the County be consolidated in the ICT department.

During Plenary the participants raised the following issues;

The Members of CBEF questioned whether it was wise for the County to Continue purchasing vehicles as opposed to leasing to ensure ease of disposal, the Chairman Justice told the Members that though the Committee had recommended the leasing, however County Executive Officers in charge told the Committee that the leasing of vehicles had become very expensive to the National Government. The Chief Officer Security Compliance told the Members that the leased vehicles came with limiting conditions and could ground the fleet denying the County resident vital services.

The Members of CBEF questioned the rate at which the County was being issued with degrees and if the legal department was actively pursuing negotiations. The Chairman said that the Committee had asked the Sector to develop a policy on the Management of decretal.

The Committee questioned the Director Administration on the purchase of 77 vehicles by the Governor's Office; the Officer told the Members that the vehicles had been budgeted for in the FY 2013/14.

The Committee asked the Chairman what conditions led to the lapse of contract with the World Bank and lost funding of Kshs.1.2Billion; the Chairman told the Committee that the lapse was due to infightings in the County.

The Members asked the Chief Officer Security on the Expenditure of allocation meant for uniform.

The Members asked the Security Officer on the use of County vehicles by the Kenya Police.

MIN67/FBAC/FEB/2017: Discussion with the County Budget Economic Forum on the Issues Related to the County Fiscal Strategy Paper for the FY2017-18

The Members of the CBEF raised issues with the projected revenues in the CFSP, the forum told the participants that the revenue growth anticipated was unrealistic.

Further they raised issues with the wage bill which was very high despite the new CBA being negotiated by the doctors and other players.

The CBEF raised the concerns about the inconsistencies of Public Participation priorities and the County Government priorities, they questioned the speedy way in which the public participation was carried out.

The CBEF raised issues with the Debt sustainability in the County, while appreciating that efforts been put by the County in resolving the issues the Forum enquired if the County had put in a place framework to tackle the issues

The Chairman Budget Committee asked the Head of Budget how the CBEF activities are facilitated by the County, the Head of Budget told the Committee that the Forum was supposed to generate a work plan so as to be financed, and the Members of CBEF responded that the work plan though prepared was yet to be approved.

Resolution and way forward

1. The Finance and Economic Planning Sector will establish a secretariat for the CBEF to handle the Forums issues.
2. That the Chief Officer Finance would follow up on the forums allowances.
3. That there would be Budget line for CBEF in the budget.
4. That the Budget Department would ensure that all sectors provide at least 2% of their budget for public participation.

MIN68/FBAC/FEB/2017: Discussion and determination on the Budget performance for the County Public Service Board, the Public Service Management and revised Budget Estimates for the FY2016/17. Determination on the Sector Fiscal strategies and Budget ceilings for the FY 2017/18

The Chairman labor Committee told the Members that the Sectorial Committee recommended the following on the Supplementary for the Sector;

That the Budget and Appropriations Committee should consider approving the supplementary budget for the Public Service Management Sector as follows:

- a) Staff Medical Insurance- increased from Kshs. 850 - 865 Million. An increase of Kshs.15 Million
- b) Staff Training- increased from **Kshs.80 - 120 Million. An increase of Kshs. 40 Million.**
- c) That the Committee recommended **Kshs. 50 Million** allocated for Culture Change programme and **Kshs 5 Million** allocated for corruption eradication be knocked off the

budget estimates. The total, which is **Kshs. 55 Million** will therefore adequately cover for the supplementary budget requested for Staff Medical Insurance and Staff Training.

Hon. Ochola told the Members that the Sectoral Committee recommended the following on the CFSP 2017:-

That the CPSB's ceiling be maintained at **Kshs. 100 Million**

That under Public Service Management the budget and Appropriations Committee should enhance the ceilings to **Kshs.3.3billion** to accommodate the allocations for Voluntary early retirement and Operational expenditure

That the sports grounds ceilings be maintained at **Kshs. 20 Million** .

In plenary the following issues were raised:-

The Members asked the Chairman Labour what was the justification of increasing the PSM supplementary budget, the Chairman told the Committee that he was not able to respond because the issue was technical.

The Committee asked why despite factoring funds for early retirement the wages were not reducing, the CEC Finance told the Committee that the lack of decrease could probably be attributed to the ongoing Collective Bargain Agreements and the salary increment by the Salary and Remunerations Commission.

The Members asked the Head of Budget how the amount for early retirement was arrived at, the Officer told the Committee that the figure was an estimation

Resolution

The Committee resolved to maintain the budget for early retirement be maintained as in the approved estimates.

MIN69/FBAC/FEB/2017: Discussion and determination on the Budget performance for the Physical Planning, Lands and Housing Sector and revised Budget Estimates for the FY2016/17. Determination on the Sector Fiscal strategies and Budget ceilings for the FY 2017/18

The Chairman Planning Committee told the Members that the Sectoral Committee recommended the following on the Supplementary for each Sector; that the supplementary estimates for FY 2016/2017 for the Urban Planning and Lands Sector be retained at **Kshs 753 million** of which **Kshs. 318 million** is for recurrent expenditure while **Kshs. 435 million** is for capital expenditure. That the supplementary estimates for FY 2016/2017 for the Urban Renewal and Housing Sector be retained at **Kshs 398 million** of which **Kshs. 210 million** is for recurrent expenditure while **Kshs. 188 million** is for capital expenditure.

The Chairman went ahead to inform the Committee that the Sectoral Committee recommended the following on the CFSP Urban Planning and Lands Sector ;That considering that the Sector require Kshs 999,000,000 to implement its programmes while the ceiling has been set at Ksh. 737M (recurrent and development). The budget and appropriations Committee consider enhancing the ceilings to accommodate the following projects:-

No	Projects	Resource requirements 2017/2018(Kshs)
A. LANDS SUBSECTOR		
Survey		
1.	Survey of County, Allocated and site & service schemes	50,000,000
2.	Regularization on County/other lands	10,000,000
3.	GIS development & expansion	80,000,000
4.	Refurbishment of survey offices	20,000,000
5.	Acquisition of Surveying equipment	25,000,000
6.	Acquisition of site vehicles	24,000,000
7.	Preparation and registration of leases	50,000,000
8.	Capacity Building	15,000,000
9.	Purchase of computers, printers	20,000,000
10.	Purchase of specialized plans	10,000,000
11.	Research and feasibility	54,000,000
	Total	378,000,000
Valuation		
1.	Preparation of valuation Roll	100,000,000
2.	Rehabilitation of City Hall Annex	150,000,000
3.	Research and Feasibility	50,000,000
	Total	300,000,000
Rates		
1.	Purchase of computers, printers	5,000,000

2.	Acquisition of site vehicles	16,000,000
3.	Research and Feasibility	20,000,000
4.	Purchase of Furniture	5,000,000
	Total	46,000,000
B. URBAN PLANNING SUBSECTOR		
1.	Niuplan implementation(Preparation of district/ sub centre plans and Establishment of NIUPLAN implementation framework	100,000,000
2.	Implementation of physical address system	30,000,000
3.	E-Development of physical address system	10,000,000
4.	Implementation of Regularization of unauthorized development Act	20,000,000
5.	Establishment of Planning Compliance and Enforcement offices at sub-counties level	30,000,000
6.	Public Participation	15,000,000
7.	Climate change related interventions/policies	15,000,000
8.	Implementation of outdoor developments online applications	25,000,000
9.	UN Coordinated programmes	30,000,000
	Total	275,000,000
	GRAND TOTAL	999,000,000

That under the Urban Planning the Sector required **Kshs 779,000,000** to implement its programmes while the ceiling has been set at **Kshs. 362M (recurrent and development)**. The budget and appropriations Committee consider enhancing the ceilings to accommodate the following projects:-

No	Projects	Resource requirements 2017/2018(Kshs)
URBAN RENEWAL SUBSECTOR		
1.	Administration	150,000,000
2.	Urban Renewal	208,000,000
3.	Housing	339,000,000

4.	Building Services	82,000,000
	Total	779,000,000

The Members raised issues with allocation towards Urban renewal under Urban renewal and Housing of Kshs.208M the Committee enquired on how the funds were to be spent, the Chairperson planning told the Committee that the amount allocated was in actual sense less than required and the sector could not be able to undertake the full renewal using the funds but only the feasibility study.

The Members raised issues over double allocation of research and feasibility, the Chairman Planning told the Members that the allocations were in different departments with different mandates.

MIN70/FBAC/FEB/2017: Adjournment.

The time being ten minutes to two O'clock, the Chair adjourned the meeting

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign.....

Date.....

Hon. Michael O. Ogada (Chairman)

MINUTES OF THE 13TH SITTING OF 2017 OF THE NAIROBI CITY COUNTY ASSEMBLY FINANCE, BUDGET AND APPROPRIATIONS COMMITTEE HELD ON SUNDAY 12TH FEBRUARY 2017 AT 2PM AT SAWELA LODGE, NAIVASHA - NAKURU COUNTY

PRESENT

- | | |
|--------------------------------|---------------|
| 1. Hon. Michael Ogada MCA | Chairman |
| 2. Hon. George Ochola, MCA | Vice-Chairman |
| 3. Hon. Osman Adow, MCA | |
| 4. Hon. David Kairu, MCA | |
| 5. Hon. Kenneth Thugi, MCA | |
| 6. Hon. Herman Azangu, MCA | |
| 7. Hon. Catherine Akoth, MCA | |
| 8. Hon. Peter Isuha, MCA | |
| 9. Hon. Magdalene Mbogori, MCA | |
| 10. Hon. Caroline Muga, MCA | |
| 11. Hon. Victoria Alali, MCA | |
| 12. Hon. Ngaruiya Chege, MCA | |
| 13. Hon. Samuel Irungu, MCA | |
| 14. Hon. Jackson Kiama, MCA | |

ABSENT

1. Hon. Bernadette Wangui, MCA
2. Hon. Helen Katangie, MCA
3. Hon. Isaac Ngige, MCA
4. Hon. Fredrick Obenge, MCA
5. Hon. Jane Muasya, MCA

IN ATTENDANCE COUNTY EXECUTIVE OFFICERS

1. Mr. Gregory Mwakanongo	CECM Finance and Economic Planning
2. Mr. James Ngunjiri	Ag. Head of County Treasury (Budgeting)
3. Mr. Shaban Asman	Ag. Chief Revenue Officer
4. Ms. Elizabeth Nderitu	Accountant
5. Ms. Alice Mundia	Credit Control
6. Mr. Martin Muchiri	Accountant
7. Ms. Irene Kinara	Administrator
8. Ms. Peris Githinji	Accountant
9. Mr. Sianga Chenge	Economist
10. Mr. Adrew .K. Kigen	Economist

SECRETARIAT

1. Ms. Adah Onyango	Principle Clerk Assistant (C)
2. Mr. Fredrick Mwangi	Senior Finance Planning Officer
3. Mr. Erick Otieno	Fiscal Analyst
4. Mr. Moses Senator	Fiscal Analyst

MIN 50/FBAC/ FEB /2017: Preliminaries

The meeting was called to order at 10.00am by the Budget and Appropriations Chairman Hon. Michael Ogada, with prayers being led by Hon. Samuel Irungu.

MIN 51/FBAC/ FEB /2017 Presentations and Deliberations on Medium Term Debt Strategy Management Paper

The Credit control Officer took the Members through the debt paper reiterating the Medium Term Debt Strategies sets out the debt management strategy of the County over the medium term with respect to actual and potential liabilities for both loans and creditors. In plenary the following issues were raised:

1. The Committee asked how the County intends to ensure that the County debt ceiling was maintained at 15% as required by the provisions PFM Regulation 25 (1) (d);

The Officer replied that the County Government did intend to aggravate the current debt ratio through implementation of debt management strategies articulated in the debt strategy paper 2016. He added that it was noteworthy, that while the government continued to exercise great restraint from borrowing, it continued to shoulder an inherited debt burden of Kshs.32Billion.

2. The Members enquired on how the County treasury was treating bills to Suppliers and Contractors who had not been paid.

The Officer told the Members that Suppliers and Contractors who had completed their work but were yet to be paid had been classified as pending debts however those with ongoing work had been rolled over in the Budget.

MIN 52/BAC/ FEBRUARY /2017: Deliberation on the Supplementary Budget. (Presented by Mr. James Ngunjiri- Head of Budget)

The Officer reminded the Committee that the Document had been presented to the Assembly in the November of the previous year, he said that due to the lapse in time some of the sector needs could have changed and there was need for the Committee to consider the submissions if any by Sectors to the Sectoral Committees. The treasury officer then took the Members through the Supplementary budget for FY2016/17 (annex). He told the Members that most sectors had just reallocated within their budget.

In plenary the Accountant Environment Sector and the Accountant Finance and Economic Planning Sector presented to the Committee requests to table before the Members new supplementary estimates for their sectors, after deliberations the Committee accepted the request by the Officers.

MIN 53/FBAC/ FEB /2017: Deliberations on the County Assembly Supplementary Budget (Presented by Mr. Fredrick Macharia- Senior Finance Officer)

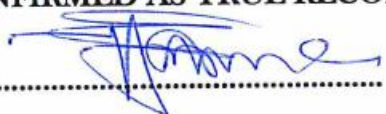
The Officer reminded the Committee that in the financial year 2016/2017 the County Assembly had a total budget of Kshs.1.67billion out which Kshs.1.52B was for recurrent expenditure and Kshs.149.9Million for development expenditure. He went ahead to inform the Committee that due to cash flow challenges the County Treasury was unable to finance the County Assembly as expected especially in the gratuity for Members in the FY 2015/16. This was despite assurances from the County Executive Committee Member for Finance and Economic Planning that the County Treasury would finance the County Assembly as planned. He said that the circumstances were not foreseen during 2016/2017 budget preparation stage which had been concluded in April 2015. Further the Officer stated that in the course of implementation of the 2015/2016 budget, the expenditure lines had higher absorption rate than earlier anticipated while others had lower absorption rates than planned and the Assembly had prepared the supplementary budget to address the disparities in absorption rates and cater for gratuities.

MIN 54/FBAC/ FEB /2017: Adjournment

Hon. Ogada appreciated the CEC Finance, the Members of the Budget Committee and the County Executive Officers for the patient they exhibited in examining the document. On his part the Executive Member for finance appreciated the Committee for their Commitment to the County and in particular for availing themselves to execute their mandate despite the hectic schedule. And the time being Four O'clock in the evening the Chair adjourned the

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign.....



Date.....

28/2/17

Hon. Michael O. Ogada (Chairman)

MINUTES OF THE 12TH SITTING OF 2017 OF THE NAIROBI CITY COUNTY ASSEMBLY FINANCE, BUDGET AND APPROPRIATIONS COMMITTEE HELD ON SUNDAY 12TH FEBRUARY 2017 AT 10AM AT SAWELA LODGE, NAIVASHA - NAKURU COUNTY

PRESENT

- | | |
|--------------------------------|------------|
| 1. Hon. Michael Ogada MCA | Chairman |
| 2. Hon. George Ochola, MCA | Vice-Chair |
| 3. Hon. Osman Adow, MCA | |
| 4. Hon. David Kairu, MCA | |
| 5. Hon. Kenneth Thugi, MCA | |
| 6. Hon. Herman Azangu, MCA | |
| 7. Hon. Catherine Akoth, MCA | |
| 8. Hon. Peter Isuha, MCA | |
| 9. Hon. Magdalene Mbogori, MCA | |
| 10. Hon. Caroline Muga, MCA | |
| 11. Hon. Victoria Alali, MCA | |
| 12. Hon. Ngaruiya Chege, MCA | |
| 13. Hon. Samuel Irungu, MCA | |
| 14. Hon. Jackson Kiama, MCA | |

ABSENT

1. Hon. Bernadette Wangui, MCA
2. Hon. Helen Katangie, MCA
3. Hon. Isaac Ngige, MCA
4. Hon. Fredrick Obenge, MCA
5. Hon. Jane Muasya, MCA

IN ATTENDANCE COUNTY EXECUTIVE OFFICERS

1. Mr. Gregory Mwakanongo	CECM Finance and Economic Planning
2. Mr. James Ngunjiri	Ag. Head of County Treasury (Budgeting)
3. Mr. Shaban Asman	Ag. Chief Revenue Officer
4. Ms. Elizabeth Nderitu	Accountant
5. Ms. Alice Mundia	Credit Control
6. Mr. Martin Muchiri	Accountant
7. Ms. Irene Kinara	Administrator
8. Ms. Peris Githinji	Accountant
9. Mr. Sianga Chege	Economist
10. Mr. Adrew .K. Kigen	Economist

SECRETARIAT

1. Ms. Ada Onyango	Principle Clerk Assistant (C)
2. Mr. Fredrick Mwangi	Senior Finance Planning Officer
3. Mr. Erick Otieno	Fiscal Analyst I
4. Mr. Moses Senator	Fiscal Analyst II

MIN45/FBAC/ FEB/2017: Preliminaries

The meeting was called to order at 10.00am by the Chairman, with prayers being led by Hon. Njoroge Kairu. Hon. Ogada welcomed all present and called for a round introduction before taking the participants through the program enumerating the importance of each document that was going to be discussed. The Chairman reminded the Members that the County was behind schedule in the Budget making process. He welcomed the Executive Member for Finance Mr. Gregory Mwakanongo to address the meeting. The CEC thanked all for availing themselves for the important engagement. While restating the Chairman's sentiments the Executive Committee Member noted the

importance of fully scrutinizing the document on the shortest time possible as they were guided by strict statutory deadlines.

MIN 46/FBAC/ FEB /2017: Deliberation on the County Fiscal Strategy Paper Fy2016/17.

(Mr. Andrew Kigen 1)

The Officer from County Economic Planning Office Mr. Kigen briefly took the Committee through the CFSP. He highlighting the Sectors achievement for the FY2015/16, priorities for the FY2016/17 and the revenue expectation for the year. The Officer presented the following tabulation indicating the proposed Sector ceilings for FY2017/18.

SECTOR CEILINGS FOR FY 2017/2018 (IN MILLIONS)

Sector	Programmes	Delivery Unit(s)	2017/2018			
			Person nel Costs	Use of goods and servic es	Dev elop men t	Total
County Public Service Board	0701000 P1	County Public Service Board				
	General Administration Planning and Support Services		36	35	29	100
	Total		36	35	29	100
Office Of						

Governor & Deputy Governor	General Administrative Services	Administration, County Executive, Sub-county administration, Audit & Supply chain mtg	2,449	288	235	2972
	Security and Safety Management	Inspectorate, Investigation & Fire	2,278	205	150	2633
	Management of legal affairs	Legal Affairs Department	87	100	20	207
	Total		4,814	593	405	5,812
ICT, E-Govt & Public Communications	General administration, planning and support services	ICT Headquarters	54	15	0	69
	Information And Communication Services	Public Communication/ ICT Strategy & projects & e-Government	0	176	76	252
	Mass Media Skills Development	e-Learning	0	7	0	7
	ICT Infrastructure Development	Infrastructure	0	8	77	85
	ICT	Information Security	0	6	0	6

	Infrastructure Development					
	Total		54	212	153	419
Finance And Economic Planning	General Administration Planning and Support Services	Administration Unit	1,000	12	5	1,017
	Public Financial Management	Resource Mobilization, Budget, Asset Mgt& Accounting	0	955	125	1,080
	Economic and Financial Policy Formulation and Management	Economic Planning Department	0	100	40	140
	Debt Resolutions	Creditors Control Unit		1,684		1,684
	Total		1,000	2,751	170	3,921
Health	General Administration, Planning and Support Services	Health policy & planning, Administration, Health Commodities, Research Unit & Coroner services	4287	520	110	4917

	Preventive & Promotive Health Services	HIV/AIDS unit, TB Control, Malaria Control FMPMCH & Environmental health	0	61	0	61
	Curative Care	County referral hospitals	11	515	1144	1670
	Total		4,298	1,096	1,254	6,648
Urban Planning And Lands	General Administration Planning and Support Services	Administration unit	216	8	0	224
	Urban Planning, compliance & enforcement	Planning & Enforcement & Compliance	9	28	276	313
	Land management	Valuation, Survey & GIS and Administration unit	0	32	168	200
	Total		225	68	444	737
Public Works ,Transport & Infrastructure						
	General Administration Planning and Support Services	Administration Unit	954	344	0	1298
	Roads, Drainage & Bridges	Roads	0	43	3,911	3954

	Road Safety Interventions	Transport	0	8	190	198
	Institutional Buildings & Maintenance	Electrical, Garage & Building Works	0	14	840	854
		TOTAL	954	409	4,941	6,304
Education, Youth, Children, Culture, Sports, And Social Services						
	General Administration, Planning and Support Services	Education Headquarters	662	270	0	932
	Education services	Early childhood & Vocational Training	0	43	190	233
	Social services	Administration, Youth Affairs, Children Services, Library, Community Devt& Family welfare	344	128	155	627
	Total	TOTAL	1,006	441	345	1,792
Trade, Commerce, Tourism & Cooperatives	General Administration Planning and Support Services	Administration Unit	264	25	10	299
	Co-operative Development	Cooperative Development	0	25	0	25

	and Audit Services	Department				
	Co-operative Development and Audit Services	Cooperative Audit	0	11	0	11
	Tourism Promotion and Marketing	Tourism Department	0	35	15	50
	Trade development and Market Services	Trade Development Department	0	49	450	499
	Licensing and Fair Trade Practices	Liquor Licensing Department	8	50	35	93
	Licensing and Fair Trade Practices	Weights & Measures Department	0	64	50	114
	Total		272	259	560	1,091
Public Service Management	General Administration Planning and Support Services	PSM Administration	328	12	10	350
	Performance Management and Public Service Delivery	Reforms and Performance Contracting, Monitoring and	0	9	20	29

		Evaluation & QMS				
	Public Service Transformation	Human Resource Development & Human Resource Mgt	0	970	87	1057
	Voluntary Early Retirement	Retirements Unit	644	-	-	644
	Total		972	991	117	2,080
Agriculture, Livestock Development, Fisheries & Forestry	General Administration Planning and Support Services	Administration Unit	295	8	41	344
	Crop Development and Management	Agriculture Department	-	12	-	12
	Livestock Resources Management and Development	Livestock Production Department	-	12	54	66
	Fisheries Development and Management	Fisheries Department	-	12	26	38
	Animal Health, Safety and Quality	Veterinary Services Department	-	13	33	46

	Assurance					
	Afforestation	Forestry department	-	10	-	10
		TOTAL	295	67	154	516
Environment, Water, Energy & Natural Resources	General Administration & Support Services	Admin Unit	501	15	10	526
	Environment Management and Protection.	Solid Waste Management , Beautification & Environmental Planning and control	82	860	540	1,482
	Water Resources Management	Water Dept	-	15	350	365
	Total		583	890	900	2,373
Urban Renewal And Housing	General Administration Planning and Support Services	Administration unit	113	14	-	127
	Housing Development and Human Settlement	Urban renewal Unit & Housing	-	35	140	175
	Building Services	Building services department	-	20	40	60
	Total		113	69	180	362

County Assembly	Legislation and oversight	County Assembly Service Board	736	699	321	1,756
Ward Development Fund	Ward Development Projects	WDF Secretariat			1,790	1,790
Emergency Fund	Emergency fund Services	Disaster Mgt Committee			90	90
Total Budget			15,358	8,580	11,853	35,791
Percentage Of Total			43	24	33	100

In plenary the following issues were raised:

- i. The members enquired on the allocation and the priorities of Ward Development fund and requested for a more detailed breakdown.
- ii. The Members raised issues about the amount allocated towards debt resolution in the Finance and Economic sector, it was noted that the allocation was insufficient given the Counties debt burden. The CEC acknowledged that the amount was insufficient however he said it was based on the available resources.
- iii. The members enquired on how the County intended to comply with the fiscal responsibility principle on the limit of expenditure on wages and salaries. The Officer responded that currently, the County Government was grappling with a non-discretionary wage bill of about Kshs 14 Billion translating to over 40% of the proposed revenue base for 2017/18. However, in the medium term, the government was exercising restraint in recruitment and the impending retirement of staff was expected to bring the wage bill into consonance with the regulations.

MIN 47/FBAC/ FEB /2017: Presentation of the Analysis on the CFSP (Mr. Erick Otieno)

The Officer began stating that the PFM Regulations required that the development and personnel expenditures approved by the County Assembly to be binding for the following two budget years, he told the Committee that the ceilings provided for in the CFSP 2017 were not consistent with those approved in the CFSP 2016. Further the Assembly Officer told the Members that whereas the paper asserted that there had been extensive public participation on its formulation; there was no proof of their submissions or on how the same had been incorporated in the final document. Mr. Otieno told the Committee that the Paper had not provided a detailed review of the status of implementation of capital projects, information on the status of implementation of the resolutions of the County Assembly and projections of expected bank balances by the end of the FY 2016-17

In Review of the CFSP 2017-18 and over the medium term the budget officer noted that the document had done well in highlighting the Macroeconomic indicators that bolstered the County operations. However he told the Members that save for economic growth the rest of the factors had been highlighted without explanation on their relevance to the County Government. He said that factors like import balances, exchange rate, and amendment to the Banking Act among others had been stated without clear elaboration on how they affected the realization of the devolution agenda.

On Sector Analysis the Officer raised the following concerns;

- i. The Governor's Office had enumerated one of its achievements as the 77 new vehicles with 36 being delivered at Kshs. 549.9million. The financial year under which these budgeted for or implemented had not been indicated;
- ii. The achievements for the Transport, Roads and Infrastructure Sector were overly summarized with no details of exact projects undertaken, locations of some of those projects as well the amounts utilized;

- iii. Internal revenues grew by only 1% between FYs 2014/15 and 2015/16 despite the robust measures undertaken to improve revenue injections;
- iv. Despite an elaborate literature on the underperformance of internal revenues, the CFSP projected an internal revenue growth in the FY 2017/18 to about Kshs. 19.7billion;
- v. The paper has pointed out the opportunity cost of MCAs not parking in designated areas but fell short of recommending measures on how to address the situation
- vi. Whereas the Paper puts the County's revenue potential from parking fees at Kshs. 3billion it projected to collect Kshs. 3.6billion in the FY 2017/18. This appeared abstract
- vii. The revenue projections failed to recognize that amounts for Liquor Licenses were Appropriations-in-Aid and therefore not open to discretionary expenditure of the County Government; and
- viii. The programmes and policies for achievement of the outlook are robust and detailed. However, given that they are not enlisted alongside the intended outputs, key performance indicators as well as the result timelines it would be almost impossible to keep track on their implementation.

MIN 48/BAC/ FEB /2017: Resolutions and Way Forward.

The Committee resolved that Officers from County Treasury and Officers from County Assembly hold a meeting to iron out any inconsistencies in the Paper and submit a report to the Committee in four days.

MIN 49 /FBAC/ FEB /2017 Adjournment

The time being ten Minutes after One O'clock in the afternoon the Chair adjourned the Meeting for lunch.

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign.....

Date.....

Hon. Michael O. Ogada (Chairman)



01-1-10

10-1-10