

NAIROBI CITY COUNTY



FISCAL STRATEGY PAPER

2026

***THEME: SUSTAINING THE GAINS TOWARDS A CITY OF ORDER, DIGNITY, HOPE
AND OPPORTUNITIES FOR ALL***

LET'S MAKE **NAIROBI** WORK

VISION

“A CITY OF ORDER, DIGNITY, HOPE AND OPPORTUNITIES FOR ALL”

MISSION

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

CORE VALUES

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

FOREWORD

The 2026 Nairobi County Fiscal Strategy Paper has been prepared in compliance with the requirements of the Public Finance Management Act (PFMA) 2012, Section 117 (1) and (6). Further, the Paper conforms to the provisions of Section 26 of the Public Finance Management (County Governments) Regulations 2015. It outlines the fiscal framework for the 2026/2027 budget and indicates the priority resource allocation for the fourth year of the 2023-2027 County Integrated Development Plan (CIDP). By providing a comprehensive medium-term fiscal framework, this paper facilitates disciplined financial governance, articulating revenue forecasts, expenditure benchmarks, and core fiscal objectives essential for achieving budgetary equilibrium and stimulating sustained macroeconomic expansion.

Strategic capital and recurrent allocations have been prioritized for high-impact sectors, specifically health and nutrition, Mobility and Works, human capital development and environmental and water resources. The government aims to leverage public spending and enforce fiscal discipline to enhance service delivery, accelerate capital development projects and strengthen the infrastructure of the County. The programs aim to create positive externalities that elevate the quality of life and/or economic welfare of Nairobi residents.

To leverage the County's fiscal space, the framework focuses on non-discretionary statutory obligations while restricting spending on non-essential items to maximize the investable surplus for medium-term development. Through a development expenditure ceiling of 30 percent, the urban development strategy seeks to sustain the city's capital accumulation momentum, thereby improving Nairobi's position as a competitive urban economy of global significance in the medium term.

To attain these objectives, the budgetary allocation for the fiscal year 2026/27 has been set at **Ksh.49.56 billion**, an increase of **Ksh. 5.23 billion** from the approved estimates for the fiscal year 2025/26. Development spending amounts to **Ksh.15.7 billion (31.7%)**, while recurrent spending is **Ksh. 33.9 billion (68.4%)**. Own Source Revenue (Including AinA) is projected to account for **52.1%** (Ksh.25.04 B) and Equitable share and conditional grants to constitute **47.9%** (Ksh.23 B) of the total revenue. The total resource basket will be Ksh. 49.56 B with projected cash balances at Ksh. 1.5 B.

IBRAHIM NYANGOYA AUMA
AG. COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING AFFAIRS

ACKNOWLEDGEMENT

The 2026 County Fiscal Strategy Paper (CFSP) was achieved through a consultative process, with the County government acknowledging the contributions of various stakeholders and institutional partners in terms of technical and strategic support. Further engagements through Ward Based Sub county public participation forums allowed Nairobians to ventilate and shape the fiscal policies and strategic priorities of this paper. I convey my appreciation to all members of the public who participated in this process either physically or through the various online platforms and submission of memoranda.

I would like to acknowledge the executive resourcefulness of His Excellency Johnson Sakaja and His Excellency James Muchiri, whose strategic oversight was critical in concluding this process. I wish to thank County Executive Committee Member for Finance and Economic Planning, Mr. Ibrahim Nyangoya Auma, whose technical guidance ensured that this fiscal framework aligns with the County's broad macroeconomic objectives. Their steadfast adherence to the principles of transparency, institutional governance, and fiscal discipline remains a prerequisite for the effective execution of this policy instrument.

I also wish to appreciate the Acting County Secretary Godfrey Akumali for ensuring smooth inter-sectoral coordination and administrative synergy throughout this exercise. I also commend the County Chief Officers, and the different Sector Working Groups.

I would also like to thank the many county departments, stakeholders, and public sector partners whose input has enhanced this Paper. I am grateful to the County's Economic Planning and Budget teams for their efforts that have made this plan possible. This document is based on detailed analysis, research and recommendations of these stakeholders.

CPA JOHN LINTARI

COUNTY CHIEF OFFICER - ECONOMIC AFFAIRS

EXECUTIVE SUMMARY

The 2026 County Fiscal Strategy Paper (CFSP) has been formulated in strict adherence to Section 117 of the Public Finance Management Act (PFMA), 2012, which obligates the County Treasury to harmonize sub-national fiscal strategies with the macro-fiscal objectives articulated in the National Budget Policy Statement. This instrument ensures vertical and horizontal policy alignment by integrating the National Economic Framework, the County Integrated Development Plan (CIDP), and the Medium-Term Expenditure Framework (MTEF). Such alignment is critical for maintaining fiscal discipline, optimizing resource allocation, and fostering a trajectory of sustainable macroeconomic development.

The CFSP 2026 is organized as follows;

Chapter 1: Overview: This chapter provides an overview on the rationale for the preparation of the CFSP and preparation process of the paper. It further provides the legal basis of preparing the CFSP2026.

Chapter 2: Macro Economic Policy Framework: The CFSP 2026 considers the global and National economic trends, including GDP growth, inflation, interest rates and exchange rates Nairobi City County operates within the global and national macro-economic environment thus directly and indirectly influencing the county's fiscal space. The paper therefore analyses on how county fiscal performance will be influenced by the external and domestic fiscal environment.

Chapter 3: Review of County achievements: This section provides a summary of County's achievements per sector for the financial year 2024/25 and half year 2025/26. This is key in informing the development path for the financial 2026/27, illuminating the service areas that need more focus in resource allocation.

Chapter 4: Resource and Expenditure Framework: This chapter forms the main body of the plan. It highlights revenue and expenditure projections for FY2026/27 while pinpointing various revenue mobilization strategies for the year. It further expounds on the sector's priorities, strategies and initiatives which will be implemented during the fiscal year.

Chapter 5: Fiscal risks underlying budgetary and fiscal policy: This chapter assesses the risks related to budgetary and fiscal policies that may influence the county's economy, impacting the achievement of targets in the County Fiscal Strategy Paper. In addition, it analyzes the extent of adherence to fiscal responsibility principles by the county government.

ACRONYMS

ADP	Annual Development Plan
AHP	Affordable Housing Programme
AI	Artificial Intelligence
BETA	Bottom-Up Economic Transformation Agenda
BFOMT	Build Finance Operate Maintain Transfer
BPS	Budget Policy Statement
CBD	Central Business District
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CBR	Central Bank Rate
CEC	County Executive Committee
CFSP	County Fiscal Strategy Paper
CHP	Community Health Promoter
CIDP	County Integrated Development Plan
COP	Conference of the Parties
CPSB	County Public Service Board
DBFO	Design Build Finance Operate
DBFOMT	Design Build Finance Operate Maintain Transfer
ECDE	Early Childhood Development and Education
GDP	Gross Domestic Product
GBV	Gender-Based Violence
GCP	Gross County Product
GIS	Geographic Information System
GPA	Group Personal Accident
HIV	Human Immunodeficiency Virus
HRMD	Human Resource Management and Development
ICDL	International Computer Driving License
ICPAK	Institute of Certified Public Accountants of Kenya
ICU	Intensive Care Unit
ICT	Information and Communication Technology
IGRTC	Intergovernmental Relations Technical Committee
IIA	Institute of Internal Auditors
IMF	International Monetary Fund
KNBS	Kenya National Bureau of Statistics
KRB	Kenya Roads Board
LAN	Local Area Network
MOUs	Memoranda of Understanding
MPC	Monetary Policy Committee

MSME	Micro, Small and Medium Enterprise
NAVCDP	National Agricultural Value Chain Development Project
NBU	Newborn Unit
NFH	Nairobi Funeral Home
NITF	Nairobi International Trade Fair
OCA	Office of the County Attorney
PFMA	Public Finance Management Act
PIM	Public Investment Management
PPP	Public-Private Partnership
RRI	Rapid Results Initiative
SACCO	Savings and Credit Cooperative Organization
SOPs	Standard Operating Procedures
SVR	Subsidized Vocational Requirements
TB	Tuberculosis
TNA	Training Needs Analysis
UBP	Unified Business Permit
UN	United Nations
UNICEF	United Nations Children's Fund
USD	United States Dollar
VTC	Vocational Training Centre
WIBA	Work Injury Benefits Act

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CHAPTER ONE: OVERVIEW

1.1 Introduction

1. The County Fiscal Strategy Paper (CFSP) is a core statutory document within the county budgeting and public finance management framework. It provides strategic guidance on the county's fiscal policy stance, expenditure priorities, and resource allocation for the upcoming financial year 2026/2027 and the medium-term period. In line with the Public Finance Management Act, 2012, the CFSP sets the foundation upon which the annual budget estimates are prepared and approved.

2. The CFSP 2026 outlines the county's macro-fiscal environment, revenue and expenditure outlook, and key policy priorities in response to prevailing economic conditions. It takes into account national macroeconomic trends, intergovernmental fiscal relations, and county-specific development challenges. The document also assesses past fiscal performance to inform realistic and sustainable planning going forward.

3. The CFSP plays a critical role in linking long-term development objectives articulated in the County Integrated Development Plan (CIDP) with short- and medium-term budget decisions. By providing expenditure ceilings for county departments and entities, the CFSP ensures that budget preparation is disciplined, prioritized, and aligned with available resources. Additionally, the CFSP promotes transparency, accountability, and inclusivity by embedding public participation and stakeholder engagement throughout the fiscal planning process.

1.2 Rationale of the CFSP 2026

4. The preparation of the CFSP 2026 is driven by the need to strengthen fiscal discipline, enhance efficiency in public spending, and improve service delivery outcomes. The county operates in a dynamic economic environment characterized by revenue uncertainties, rising demand for public services, and competing development priorities. As such, the CFSP provides a structured approach to managing limited resources while maximizing socio-economic impact.

5. The CFSP 2026 seeks to respond to emerging fiscal and economic challenges, including fluctuations in equitable share allocations, performance of own-source revenue, expenditure pressures arising from wage obligations and recurrent costs, and the need to sustain development spending. It also addresses the imperative of maintaining fiscal sustainability through prudent debt management, effective cash flow planning, and adherence to fiscal responsibility principles.

6. Specifically, the CFSP 2026 aims to:

- a. Provide a comprehensive and realistic assessment of the county's fiscal position, including revenue projections, expenditure trends, and financing requirements.
- b. Align county budget priorities with the CIDP, the Annual Development Plan (ADP), and relevant national development frameworks and policies.
- c. Enhance value for money by prioritizing programs and projects with high economic and social returns.

- d. Strengthen service delivery by directing resources towards critical sectors that directly impact citizens' welfare and economic growth.
- e. Institutionalize public participation by incorporating citizens' views and stakeholder inputs into fiscal decision-making.
- f. Promote fiscal sustainability by managing expenditure growth, improving own-source revenue mobilization, and ensuring responsible borrowing.

Through these objectives, the CFSP 2026 serves as a strategic tool for balancing development aspirations with fiscal realities.

1.3 Legal Framework

7. The preparation and implementation of the CFSP 2026 are guided by a robust legal and policy framework that governs public finance management in Kenya. This framework ensures transparency, accountability, public participation, and prudent use of public resources.

8. Key legal and policy instruments include:

- i. The Constitution of Kenya, 2010, particularly Article 201, which outlines the principles of public finance such as openness, accountability, equity, and prudent financial management. Articles 220–223 provide the constitutional basis for budget preparation and approval at both national and county levels.
- ii. The Public Finance Management Act (PFMA), 2012, which mandates county governments to prepare and submit a CFSP to the County Assembly by 28th February of each year. The Act requires the CFSP to set out broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and the medium term.
- iii. The Public Finance Management (County Governments) Regulations, which provide detailed procedures and timelines for the preparation of the CFSP, including requirements for public participation and consultation with stakeholders.
- iv. The County Government Act, 2012, which emphasizes citizen participation in county planning, budgeting, and governance processes, and provides the legal basis for civic education and public engagement.
- v. National Treasury guidelines and circulars, which offer technical guidance on budget preparation, fiscal discipline, and alignment with national economic and fiscal policies.

Together, these legal provisions ensure that the CFSP process is participatory, rule-based, and aligned with sound public financial management principles.

1.4 CFSP Process

9. The preparation of the CFSP 2026 followed a structured, consultative, and evidence-based process designed to integrate technical analysis with citizen engagement and stakeholder input. The process was informed by statutory timelines and emphasized inclusivity, transparency, and accountability.

1.4.1 Preparation for CFSP Engagement

10. The county government developed a comprehensive public participation and stakeholder engagement plan to guide the CFSP process. This involved mapping key stakeholders, including community members, civil society organizations, private sector actors, professional bodies, and special interest groups. Appropriate engagement methods were identified to ensure accessibility and inclusivity, taking into account geographical distribution, gender, youth, persons with disabilities, and other marginalized groups.

11. Preparatory activities also included setting engagement timelines, allocating responsibilities, and developing communication and participation tools. Background information and briefing materials were prepared to support informed participation and meaningful dialogue.

1.4.2 Civic education and information sharing

12. Civic education and information sharing was undertaken to enhance public understanding of the CFSP, the county budget cycle, and the role of citizens in fiscal planning. Simplified and user-friendly materials were disseminated to explain the county's fiscal position, revenue sources, expenditure pressures, and proposed priorities. These sessions aimed to empower citizens with the knowledge required to engage constructively in discussions on fiscal trade-offs and budget choices. Information was shared through public forums, stakeholder meetings, and other platforms to ensure broad reach and inclusivity.

1.4.3 Actual engagement and collection of citizen views

13. The county conducted ward based public participation forums on 17th and 18th February, 2026 in all sub counties. Stakeholder consultations was also conducted through other platforms to collect citizens' views and proposals. Participants were invited to rank various priorities to align to their felt needs. All feedback was recorded systematically to ensure accuracy, transparency and accountability. Special efforts were made to ensure that the views of women, youth, persons with disabilities, and other vulnerable groups are adequately captured.

14. Mobilisation and logistics arrangement was done by the sub county administration. A lead team from City Hall constituted by sector nominees led the public in understanding the process before giving them a chance to contribute to the main agenda. The platforms used for the public engagement were ward based focus group discussions and digital platform and tabling of memoranda.

1.4.4 Synthesis and Collation of the Views

15. The methodology used to collect public views were data capture forms during physical public participations, an online link for digital participation, and memoranda were also submitted. The views collected from public participation forums and stakeholder engagements were analyzed,

synthesized, and collated. Similar issues and priorities were grouped to identify common themes, sector-specific concerns, and cross-cutting issues.

16. This analytical process enabled the county to distinguish between short-term and medium-term priorities and to assess the feasibility of proposed interventions within available resource constraints.

1.4.5 Integration of citizens views and stakeholders input into programs

17. The synthesized citizen inputs were integrated with sectoral technical analysis, performance reviews, and fiscal projections. Sector working groups considered public priorities alongside policy objectives, past performance, and available resources to formulate prioritized programs and expenditure ceilings.

18. This integration ensured that the CFSP 2026 reflects a balance between evidence-based planning and citizens' aspirations. It also strengthened ownership of the budget process and enhanced accountability by demonstrating how public input informs fiscal decisions. Overall, the CFSP process underscores the county's commitment to participatory, transparent, and results-oriented fiscal planning, laying a strong foundation for sustainable development and improved service delivery.

1.4.6 Approval and Adoption

19. As provided for by section 117 of the PFM Act 2012, the CFSP 2026, was considered and approved by the County Executive Committee before being submitted to the County Assembly.

CHAPTER TWO: MACRO ECONOMIC POLICY FRAMEWORK AND FORECAST

2.1 Global Economic Prospects/outlook

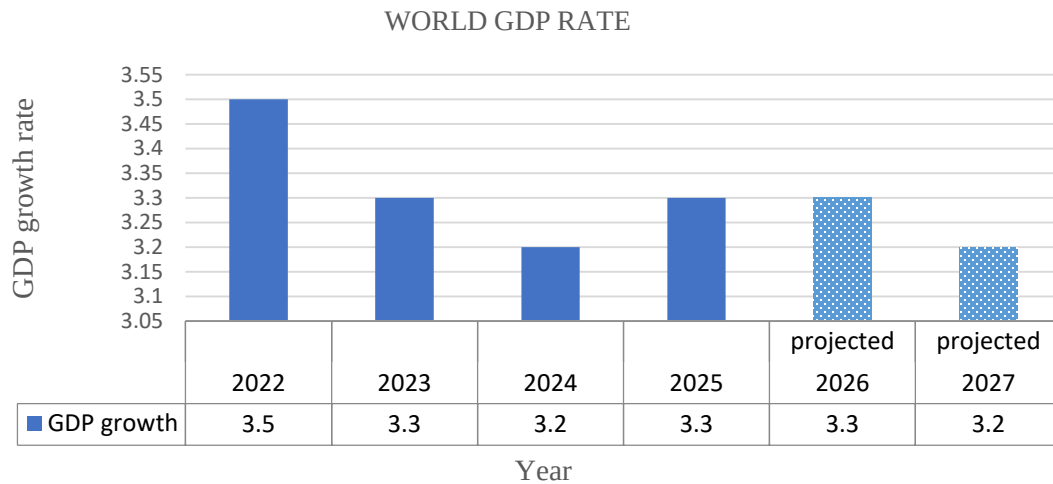
20. The IMF World Economic Outlook Update January 2026 describes the global economy as holding steady amid divergent forces a classic case of offsetting tailwinds and headwinds keeping real GDP growth remarkably resilient.

21. Globally, real GDP growth is projected to be 3.3 percent in 2026 and then ease only slightly to 3.2 percent in 2027. This stability reflects a delicate equilibrium: strong positive supply-side shocks from surging technology related investment, especially in artificial intelligence (AI) combined with still-accommodative financial conditions, fiscal support in key economies, and impressive private sector adaptability are successfully counterbalancing headwinds from evolving trade policies (including tariffs and export controls) and persistent geopolitical risks.

22. In Sub-Saharan Africa, the outlook is distinctly positive, with growth accelerating from 4.4 percent in 2025 to 4.6 percent in both 2026 and 2027. This pickup stems from successful macroeconomic stabilization efforts, ongoing structural reforms, and improved policy frameworks in several large economies. Nigeria, for instance, is forecasted to grow at around 4.4 percent in 2026, reflecting stronger domestic momentum. South Africa's recovery, however, remains more subdued at roughly 1.4 percent, constrained by structural bottlenecks. That said, the region continues to face significant vulnerability to external shocks such as reductions in official development assistance, commodity price volatility, or renewed global financial tightening as well as elevated public debt burdens. Sustained efforts to rebuild fiscal buffers, ensure debt sustainability, and strengthen external resilience remain critical.

23. Among the major advanced and emerging economies, paths continue to diverge sharply: For instance, in 2026 the United States is projected to achieve a GDP growth rate of 2.4%, driven by significant investments in the technology sector (AI Tec), corporate tax incentives, and a supportive monetary policy that includes lower interest rates. In contrast, China is expected to experience a slowdown, with growth forecasted at 4.5% due to ongoing weaknesses in the property market, deleveraging pressures, and reduced external demand. The euro area is anticipated to maintain a low growth rate of 1.3%, hampered by persistent supply-side constraints from high energy prices, weaker manufacturing performance, and limited participation in the AI and tech investment boom.

Figure 1: Trends in the Global GDP growth rate in percentage



Source: IMF-World economic outlook, January 2026

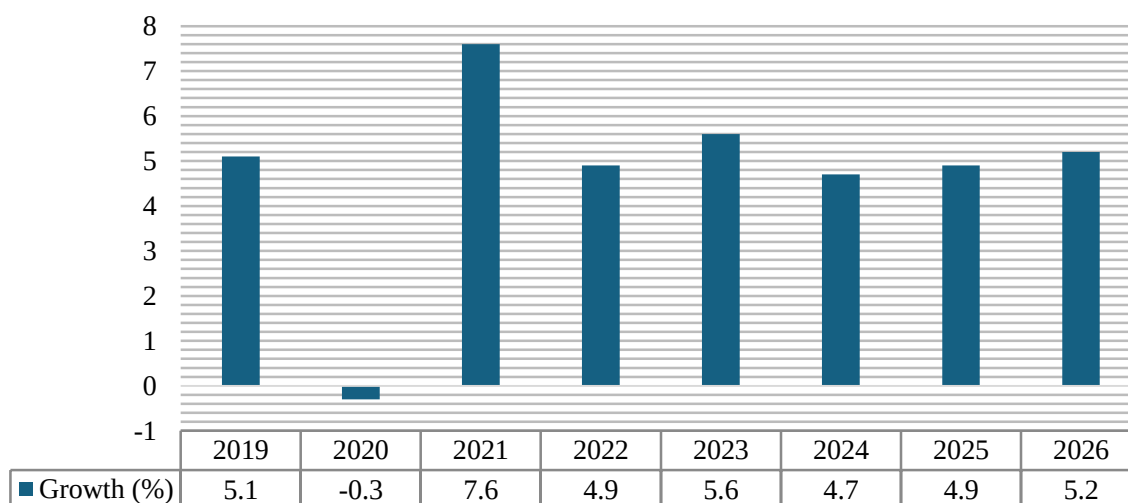
24. Global inflation has fallen sharply from nearly 9% in 2022 to 4.1% in 2025 and is projected to ease further to 3.8% in 2026 and 3.4% in 2027. Advanced economies outside the US are converging faster toward central bank targets, while the US faces a slower return due to domestic and trade pressures. Despite resilience supported by technology driven productivity gains, risks from trade tensions, geopolitical conflicts, and commodity price shocks mean policymakers must stay vigilant on fiscal discipline, price stability, and structural reforms.

2.2 Domestic Economy

25. Kenya's economy has demonstrated remarkable resilience over the past three years, consistently growing at a pace that outperforms both the global and regional averages. This strength is rooted in deliberate policies and the benefits of a diversified economy. The economy has thus been able to withstand adverse impacts of domestic and external shocks.

In 2024, the real Gross Domestic Product grew by 4.7 percent supported by positive growths in all sub-sectors except construction, and mining and quarrying. Further, in the first, second and third quarters of 2025, the economy remained strong with a growth of 4.9 percent, 5.0 percent and 4.9 percent, respectively with an average growth rate of 4.9 percent. This growth was primarily underpinned by strong performance in the agriculture sector, a recovery of the industry sector, and the resilience of services sector

Figure 2: Trends in Kenya GDP growth rate in percentage



Source: Economic survey 2025

a) Inflation

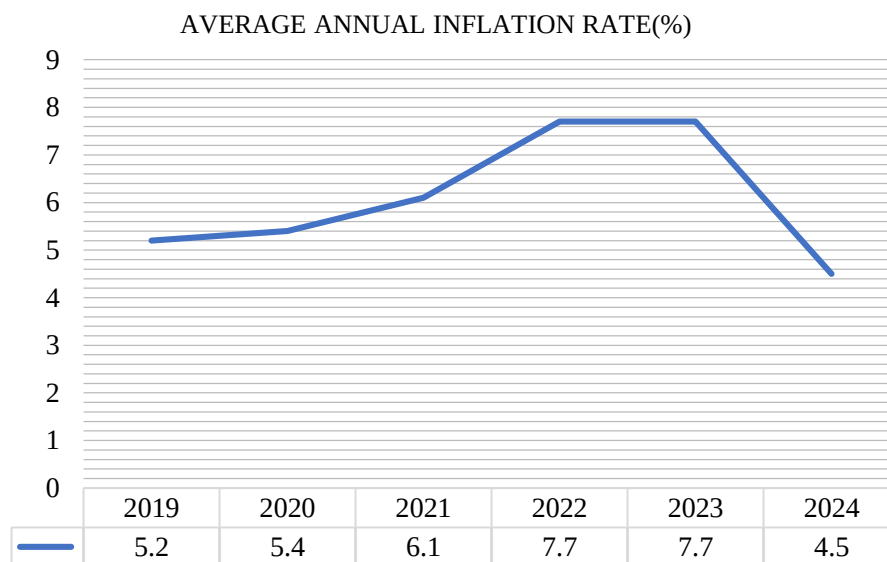
26. Kenya's inflation in 2023 eased significantly compared to the high levels seen in 2022. The Economic Survey reports that average inflation declined to about 7.7 percent in 2023, down from double-digit levels the year before, reflecting easing global commodity prices, improved domestic food supply, and tighter monetary policy.

27. This moderation continued into 2024, with inflation trending further downward as exchange-rate pressures stabilized and agricultural output improved, helping to lower food and energy costs. Overall, the 2023–2024 period is characterized by a shift from inflationary stress toward greater price stability.

Looking ahead, the Draft 2026 BPS projects that inflation will remain on a downward and stable path through 2026–2027, anchored by prudent fiscal consolidation, tight but supportive monetary policy, and supply-side interventions under the Bottom-Up Economic Transformation Agenda (BETA)

The inflation is expected to converge toward the Government's medium-term target range (around 5 percent ± 2.5) by 2026, assuming normal weather conditions, stable exchange rates, and continued improvements in food production and logistic.

Figure 3: Trend in inflation rate over the years



Source: KNBS Economic survey 2025

b) Foreign exchange

28. Building on the strong performance in the second half of 2024, the foreign exchange market in 2025 remained broadly stable. The Kenya Shilling showed relative stability against major currencies, with the USD/Ksh exchange rate hovering around Ksh.129.24 to Ksh.129.50. By mid-October 2025, the rate remained stable at Ksh.129.24 per U.S. dollar, supported by adequate foreign exchange reserves, improved investor confidence and stronger diaspora remittances (CBK 2025). With inflation easing and the current account deficit narrowing, pressure on the currency is likely to remain contained. However, risks persist from global factors such as U.S. interest rate policy, oil prices, and geopolitical tensions.

Stability and predictability of the Kenyan shilling translate to: Lower cost of imported inputs and development projects, Improved budget predictability and planning, Reduced exposure to foreign-currency debt servicing risks, boosted investor confidence and supports PPP financing, Limited imports inflation affecting county operations.

c) Interest rates

29. The easing cycle that began in late 2024 continue into 2025, as inflation remained below the mid-point of the target range and the exchange rate stayed stable. In 2025, the Central Bank of Kenya (CBK) through Monetary Policy Committee (MPC) consistently lowered the Central Bank Rate (CBR), ending the year at 9.00% in December 2025, down from 11.25% in December 2024. This easing is part of eight consecutive rate cuts, aimed to augment the previous policy actions aimed at stimulating lending by banks to the private sector and supporting economic activities. It also seeks to ensure that inflationary expectations remain firmly anchored and the exchange rate also remain stable. The 182-day Treasury Bills rate declined to 7.9 percent in October 2025 from 15.8 percent in October

2024 while the 364-day Treasury Bills also declined to 9.4 percent from 16.1 percent over the same period. The decrease in government domestic borrowing rates has led to lower debt servicing costs. On the other hand, Commercial banks average lending and deposit rates decreased in the year to September 2025 in tandem with the easing of the monetary policy. The average lending rate decreased to 15.1 percent in September 2025 from 16.9 percent in September 2024 while the average deposit rate also decreased to 7.6 percent from 11.2 percent over the same period. Consequently, the average interest rate spread increased to 7.4 percent in September 2025 from 5.7 percent in September 2024.

Overall Effect

30. Stable forex and low inflation together create a supportive macroeconomic environment that strengthens county service delivery, protects household welfare, and promotes inclusive economic growth.

d) Unemployment Rate

31. In 2024, Kenya's national unemployment rate decreased slightly to approximately 5.4%, down from 5.6% in 2023. The formal employment sector experienced a growth of 2.4%, reaching 3.4 million jobs, with the private sector being the largest employer, providing 2.1 million jobs compared to 881,400 in the public sector. The informal sector, however, continues to dominate the labor market, accounting for around 81% of non-agricultural employment. Key industries contributing to formal private-sector employment included manufacturing, agriculture, and wholesale/retail trade.

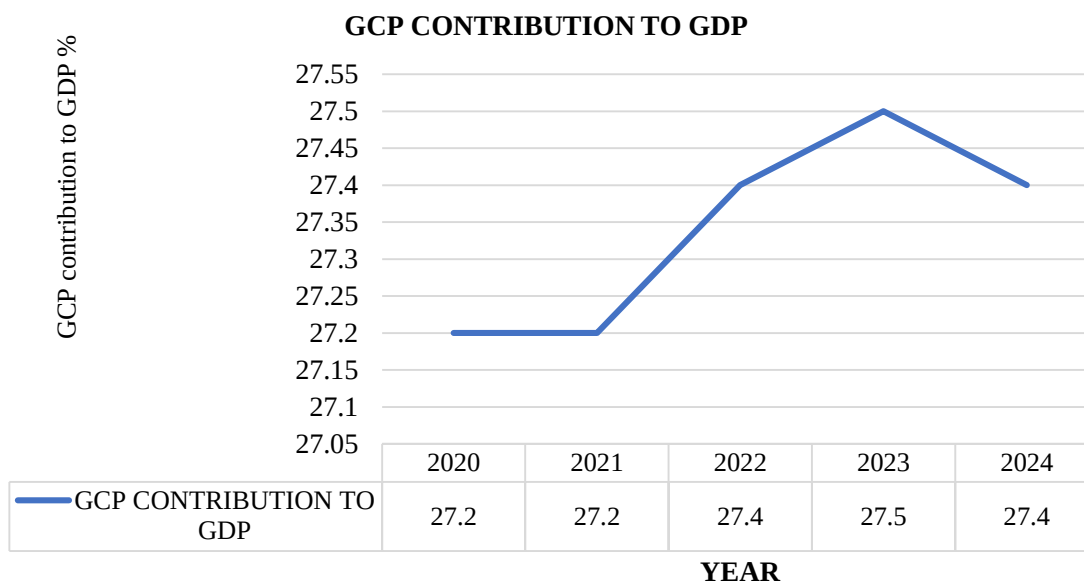
e) Trade Balance

32. Kenya's trade balance plays a crucial role in shaping domestic liquidity, exchange rates, and GDP growth. In FY 2024, the merchandise trade deficit narrowed by 2.3% to Ksh. 1,306.7 billion, driven by a 9.1% increase in exports, which surpassed the 3.8% rise in imports. The current account deficit improved significantly, decreasing by 45.4% to Ksh.208.9 billion, supported by a substantial surplus in the services trade and strong diaspora remittances. However, by Q3 2025, the trade deficit widened again to Ksh.355.8 billion due to increased import expenditures on essential industrial goods, leading to greater reliance on external debt, which reached Ksh. 5,618.2 billion by September 2025.

2.3 Nairobi County Economic Performance and Outlook

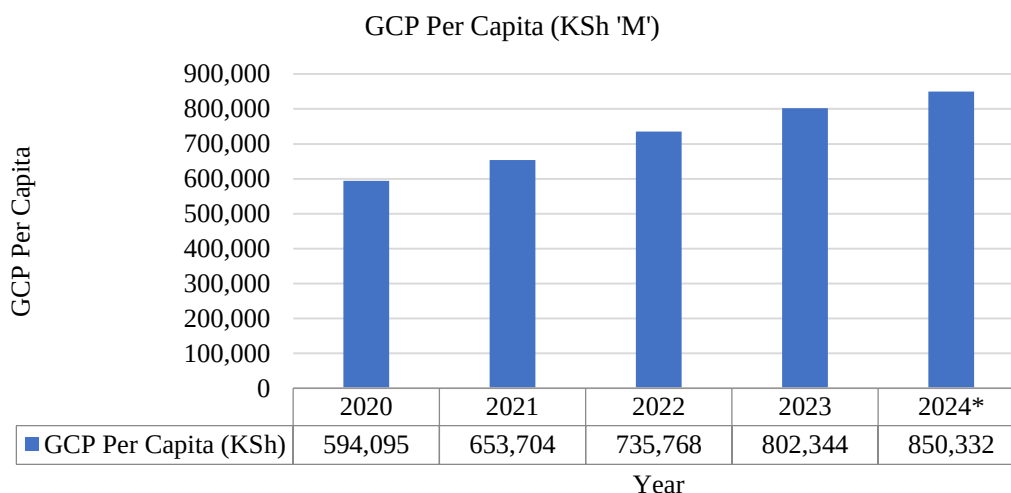
33. The Gross County Product (GCP) is a disaggregation of the Gross Domestic Product (GDP) by county that shows how much each county contributes to the national economy. Nairobi city county is the largest contributor to National GDP at 27. 4 percent (KNBS-GCP 2025). This is attributed to the fact that Nairobi has large commercial centers, vibrant construction activities, high electricity consumption, densely populated and a diversity of economic activities like manufacturing, transportation, real estate among others. Additionally, the city leads with a GDP per capita of Ksh. 850,332.

Figure 4: Nairobi County GCP% contribution to national GDP, 2020-2024



Source: KNBS-GCP2025

Figure 5: Nairobi County GCP per capita, 2020-2024.

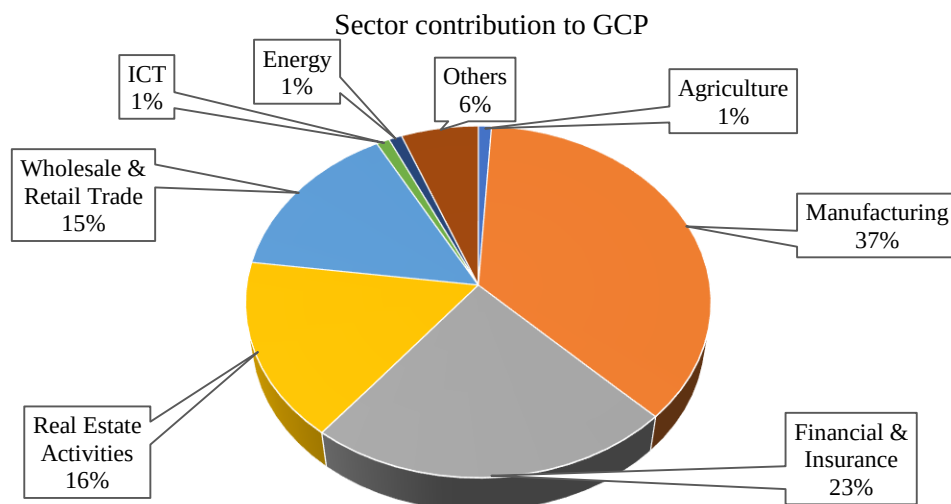


Source: KNBS-GCP2025

2.3.1 Contribution of Main Economic Activities to Nairobi County GCP

34. Nairobi County is backed by thriving economic activities such as Financial & insurance activities, real estate sector, Transport & storage, wholesale and retail trade, construction activities and manufacturing respectively. This calls for substantial investment in the areas by the county. The poorest contributor to national economy in the county is agriculture sector.

Figure 6: Contributions to the Nairobi County GCP by Sectors of the Economy



Source: KNBS GCP 2025

2.3.2 Nairobi County Economic Outlook

35. Nairobi City County's fiscal trajectory is increasingly shaped by the interplay of global and domestic dynamics. With global growth projected at 3.3% in 2026 and inflation easing both internationally and nationally, households are expected to experience improved purchasing power, while national transfers to counties should remain stable the county's fiscal space is not without vulnerabilities. External shocks such as the withdrawal of U.S. government funding, volatile financial markets, and climate change combine with internal pressures like inflationary trends, debt distress, and exchange rate fluctuations to constrain fiscal flexibility.

Key Challenges

- Loss of donor funding: Reduced inflows for health, education, and governance programs will strain service delivery.
- Urban infrastructure demand: Rapid population growth intensifies pressure on housing, water, and sanitation systems.
- Debt sustainability risks: Heavy reliance on borrowing to bridge fiscal gaps could undermine long-term stability.
- Climate vulnerabilities: Flooding and drought threaten food security and weaken infrastructure resilience.

Despite these challenges, Nairobi County's macroeconomic outlook remains positive but fragile. National GDP recovery and easing inflation provide a supportive environment, but donor withdrawal and urban pressures necessitate proactive fiscal management. The county's resilience will depend on its ability to diversify revenue streams, strengthen fiscal discipline, and foster an enabling environment for investment.

CHAPTER THREE: REVIEW OF COUNTY ACHIEVEMENT 2024/25 AND MID 2025/26

3.0 Review of County performance 2024/25 and Mid 2025/26

36. This section provides a summary of the County's achievements per sector for the financial year 2024/25 and half year 2025/26. This is key in informing the development path for the financial 2026/27, illuminating the service areas that need more focus on resource allocation.

3.1 Mobility and Works

37. In the Mobility and Works sector, major achievements are closely tied to core activities such as infrastructure development and traffic management, resulting in tangible outcomes for the city. For instance, the sector successfully expanded the road network by 7.03 km and rehabilitated over 310 km through both in-house maintenance and KRB-RMLF funding, which directly supports increased mobility and accessibility. Drainage and pedestrian safety were also prioritized, with 150.31 km of storm water drains constructed and 408.0 m² of walkways rehabilitated, contributing to improved road safety and infrastructure durability.

In terms of public safety and urban order, the sector installed 4,105 new lighting fixtures and maintained over 69,000 existing ones, thereby enhancing security across the city. Traffic management activities included marking 20 km of roads and installing 210 traffic signs, leading to improved road safety and an organized street layout. In addition to that, the development of 18 public transport facilities in areas such as Kasarani and Kahawa West, combined with the mapping of boda boda and digital taxi points in the CBD, has resulted in more structured and efficient public transport systems.

Administrative and technical support activities also yielded significant results in this study. The sector scrutinized over 3,000 structural designs and approved 2,034 to ensure building safety and compliance. To improve service delivery, 81 new vehicles were acquired, and customized fleet management software was developed, leading to more efficient county operations. These efforts were bolstered by the recruitment of 330 technical staff, including engineers and drivers, ensuring the right skill mix to meet the sector's strategic objectives.

3.2 Health, Wellness and Nutrition

38. A primary outcome of the Public Health Program is the reduction of preventable illnesses and mortality rates, a goal supported by extensive human immunodeficiency virus (HIV) testing, TB screening, and rigorous disease surveillance. These activities have led to significant achievements, including testing over 958,700 individuals for HIV and achieving an 89% success rate in TB treatment during the 2024/25 fiscal period. Additionally, the sector surpassed its immunization targets by fully vaccinating 130,412 children, thereby strengthening community immunity against these preventable diseases.

In the Wellness, Nutrition, and School Feeding Program, the central outcome is to improve the nutritional status and healthy lifestyle habits of the population. To achieve this, the sector conducts bi-annual nutrition assessments and provides Vitamin A supplementation and deworming to

learners. Notable achievements in this area include reaching over 831,000 children with Vitamin A supplements and expanding school health clubs to 1,123 institutions and enhancing health literacy among more than 130,000 learners.

The outcome of providing efficient and accessible health infrastructure is driven by activities such as the construction of new hospitals, rehabilitation of existing medical wards, and deployment of digital health record systems such as Afya-KE. These efforts resulted in the 100% completion of critical projects, such as the Mathare Nyayo Hospital and the installation of a four-bed ICU at the Mama Lucy Kibaki Hospital. Complementing these structural improvements, Community Health Services activities involve the recruitment and digital training of Community Health Promoters (CHPs). This has led to the successful enrollment of 7,460 CHPs, who facilitated over 124,000 referrals to health facilities, significantly improving primary care access at the household level in the region.

The expansion of health infrastructure in Nairobi has led to the addition of 18 new health facilities, increasing the county's total from 106 to 124 functional facilities. A cornerstone of this progress was the completion and operationalization of the Mama Margaret Kenyatta Children Hospital and the Gichagi Health Centre. Beyond new constructions, the sector successfully added specialized wings, including a new Maternity Wing at Mutuini Sub-County Hospital and a modern Laboratory at Mbagathi County Referral Hospital. Critical care capabilities were further enhanced through the installation of medical oxygen piping at Mutuini, Mbagathi, and Mama Lucy Kibaki hospitals, alongside the establishment of four Newborn Unit (NBU) sites. These comprehensive activities directly contributed to improved health outcomes, achieving an 89% facility delivery rate and 90% full immunization coverage for infants across the county.

3.3 Talent, Skill Development and Care

3.3.1 Early Childhood Development and Education (ECDE)

39. The sub-sector focuses on increasing access to quality early education through the construction and expansion of physical infrastructure. Key activities included the completion and launch of five new ECDE centers—specifically at Kongoni, Gatina, Githurai 44, Mwanzo, and Kwa Njenga—and the rehabilitation of existing classrooms to create a child-friendly environment in the same. These efforts were complemented by the disbursement of Ksh. 200 million in free ECDE funds and the provision of high-quality learning materials. These activities resulted in increased enrollment, reaching 33,000 learners, and improved transition rates from pre-primary to primary education.

3.3.2 Vocational Training Centres (VTCs)

40. To address youth unemployment, the sub-sector prioritized the revitalization of Vocational Training Centres to ensure students gain market-ready skills. Activities included the renovation of workshops and the provision of modern tools and equipment at various centers. The sub-sector also successfully increased the disbursement of Subsidized Vocational Requirements (SVR),

which directly supported student retention. These achievements have led to the emergence of a more skilled youth workforce capable of meeting the demands of the modern industrial economy.

3.3.3 Bursaries and Financial Assistance

41. A critical activity for ensuring educational inclusivity was the administration and disbursement of the Nairobi City County Education Bursary and Scholarship Fund. The sector has disbursed over Ksh1.78 billion, benefiting tens of thousands of needy students in secondary schools and tertiary institutions. This achievement has directly led to reduced school dropout rates and ensured that financial constraints do not hinder the academic progress of talented but underprivileged learners.

3.3.4 Social Welfare and Family Care

42. The sub-sector achieved significant milestones in protecting vulnerable populations through targeted social assistance and rescue activities. A major achievement was the completion of the Ruai Children Rehabilitation Center and consistent provision of care for orphans and vulnerable children in county-run homes. Additionally, the sub-sector conducts regular rescue missions for street families and provides social protection programs for the elderly. These activities resulted in enhanced social safety nets and the successful reintegration of vulnerable individuals into their communities.

3.3.5 Sports and Talent Development

43. Activities in this sub-sector are geared towards identifying and nurturing raw talent through the development of sports infrastructure and the organization of competitions. Notable achievements include the ongoing construction of major stadia such as Dandora, Joe Kadenge (City Stadium), and Woodley, alongside the successful hosting of the Governor's Cup and participation in the KICOSCA Games. These efforts have provided a platform for youth to showcase their skills, resulting in improved community cohesion and the positioning of Nairobi as a premier hub for sports and cultural excellence.

3.3.6 Library and Information Services

44. To promote a culture of lifelong learning, the sub-sector focused on modernizing public libraries and information hubs. Key activities included the digitization of library records and the renovation of the McMillan Memorial Library and its branches in sub-counties. By providing free Internet access and updated reading materials, the sub-sector achieved increased library patronage and improved digital literacy among Nairobi residents, ensuring equitable access to information.

3.4 Business and Hustler Opportunities

3.4.1 Trade and Markets

45. A primary achievement in this sub-sector was the improvement of trading environments through the rehabilitation and modernization of various markets. Key activities included the

maintenance of security and cleanliness in over 47 county markets, the drilling of boreholes at the New Wakulima and Westlands markets, and the commissioning of the New Mwariro and Karandini markets. These infrastructure activities directly supported the outcome of increased business growth and the provision of safer, more hygienic spaces for thousands of traders. The sector has also successfully automated the Unified Business Permit (UBP) process, which, while facing some system challenges, resulted in more streamlined licensing and a more predictable business environment for city enterprises.

3.4.2 Cooperative Development

46. The sub-sector achieved significant gains in the financial empowerment of small-scale entrepreneurs through the strengthening of the cooperative movement. Activities included the audit of 1,000 cooperative societies and the sensitization of over 2,000 members on the benefits of joining SACCOs. These regulatory and promotional efforts resulted in increased savings and access to affordable credit for "hustlers," contributing to the sector's strategic goal of enhancing wealth creation at the grassroots level. Additionally, the sub-sector facilitated the registration of new cooperatives, ensuring that more informal groups were brought into the formal financial ecosystem.

3.4.3 Liquor Licensing services

47. To promote public health and urban order, the sector implemented rigorous activities in the regulation of alcoholic drinks. Achievements include the inspection of thousands of liquor outlets and the successful automation of the licensing system to enhance revenue transparency. Enforcement activities led to the closure of non-compliant premises and the seizure of illicit products, which directly contributed to the outcome of reduced alcohol-related social nuisances and improved safety in residential and commercial areas. These actions have resulted in a more regulated and responsible liquor trade within the county.

3.4.4 Industrialization and MSME Support

48. The sector prioritized the growth of Micro, Small, and Medium Enterprises (MSMEs) through targeted capacity building and industrial support. Key activities included the promotion of "Buy Nairobi, Build Nairobi" initiatives to provide markets for locally manufactured goods. The sector also worked on the development of specialized zones for artisans, resulting in better-organized industrial clusters and improved skill sets among the youth.

3.5 Green Nairobi

3.5.1 Agriculture.

49. The primary activity was the provision of extension services, which reached 31,551 farmers with advisory messages and established 245 demonstration plots at the Nairobi International Trade Fair (NITF) to showcase modern farming technologies. These activities directly support the outcome of increased agricultural productivity and knowledge among urban producers. In climate-

smart agriculture, the sub-sector successfully established 288 multistorey gardens and maintained armyworm traps, contributing to the strategic goal of enhancing climate resilience in the city.

50. In the livestock and fisheries sectors, activities focused on disease control and quality assurance to protect public health. The Veterinary Department sustained 4,420 annual surveillance missions, resulting in a 30% reduction in priority animal diseases and a 45% decrease in food-borne hazards. Fisheries development activities included over 2,400 inspections of fish premises and achieving 100% licensing for fish dealers, ensuring safe and high-quality products for consumers. Moreover, the sub-sector advanced the Agriculture and Food Security Bill to 60% completion and mapped 1,823 SACCOs through the National Agricultural Value Chain Development Project (NAVCDP), creating a stronger regulatory and institutional framework for the sector.

51. Environmental conservation and food system management activities also yielded significant results. The sub-sector planted and nurtured 578,741 trees and established three tree nurseries, directly contributing to the outcome of increased urban tree cover and sustainable land use. To improve the urban food ecosystem, 12 markets were mapped, a market information dashboard was developed, and 12 groups were trained in food waste management. These administrative and technical achievements, supported by the promotion of 41 staff members, have enhanced the sub-sector's overall capacity to deliver on its mandate of providing a food-secure and green Nairobi.

3.5.2 Water and Sewerage

52. Major activity was the enhancement of water supply, which resulted in the achievement of daily water generation reaching 660,000 m³ and an increase in sewer coverage from 45% to 52%. These achievements directly support the sub-sector's strategic objective of improving access to safe water and sanitation for all residents, including those in schools and informal settlements. The sub-sector also successfully implemented green energy activities, such as the solarization of 10 boreholes, promoting environmental sustainability and reducing operational costs.

53. Service delivery outcomes were further bolstered through targeted infrastructure projects and strategic internal and external collaborations. Key activities included the drilling and equipping of 10 new boreholes for drought mitigation and the maintenance of wastewater recycling at Uhuru Park at a consistent rate of 2M³ per day. The sub-sector achieved 100% completion on office renovations at City Hall Annexe, ensuring an improved administrative environment. By coordinating with external partners such as UNICEF and Sanergy, the sub-sector has been able to facilitate innovative sanitation solutions in dense settlements, leading to more equitable and efficient service delivery across the county.

3.5.3 Environment

a) Solid Waste and Infrastructure Achievements

54. A central activity was the recruitment of 3,500 "Green Army" personnel on a contract basis, which enabled the sub-sector to collect approximately 2,400 tons of waste per day. This

operational achievement directly supports the outcome of improved city cleanliness. Infrastructure activities also include constructing ramps and maintaining access roads at the Dandora dumpsite to facilitate more efficient waste disposal.

b) Greening and Recreation Achievements

In pursuit of a "Green Nairobi," the sub-sector successfully planted and grew over 3 million tree. Concurrent activities in managing public spaces resulted in the consistent maintenance of five recreational parks, contributing to an improved aesthetic appeal that reached a 50% achievement level by 2024/25.

c) Environmental Monitoring and Climate Action

55. To safeguard public health, the sub-sector undertook environmental monitoring and enforcement, including the installation of two air quality monitors. These activities resulted in an improved Air Quality Index, which progressed from a value of 24 to 20 over a three-year period. Compliance with environmental laws also saw a steady outcome, rising to a 50% compliance level through active auditing and enforcement. The sub-sector also enhanced Nairobi's resilience to climate change through policy mainstreaming and promoting renewable energy, which saw a 40% uptake in renewable energy use by the end of the 2024/25 financial year.

3.6 Inclusivity, Public Participation and Citizen Engagement

56. The central activity was the coordination of public participation, which resulted in the successful execution of 76 forums and four civic education campaigns, meeting the strategic objective of increasing resident awareness and involvement in county decisions. These efforts were further supported by the production and dissemination of 780 county stories and news features, which enhanced the county's visibility and ensured real-time access to information for the public.

In terms of service delivery and customer experience, the sector significantly expanded its operational footprint by activating 69 customer service stations and attending to approximately 780,000 customers. This activity was complemented by the printing and display of the County Service Charter, which reached a 90% completion rate, directly contributing to the outcome of a more responsive and professional public service. Cultural and tourism activities also showed notable results, with participation in four tourism exhibitions and the holding of four community cultural celebrations, which helped safeguard the city's cultural heritage and promote Nairobi as a competitive destination.

Significant achievements were also recorded in mainstreaming gender and disability inclusion across county programs. Key activities included sensitizing over 260 staff members on disability issues, leading to more inclusive development processes. The sector successfully provided assistive devices to 1,190 beneficiaries and supported 35,000 vulnerable girls with sanitary towels through partnership support. Additionally, the establishment of two safe houses for survivors of

gender-based violence (GBV) represents a critical step toward providing protection and shelter for the vulnerable.

3.7 Built Environment and Urban Planning

3.7.1 Lands and Valuation

57. The sub-sector achieved significant milestones in securing and managing county land through intensive surveys and valuation activities. Key activities included the processing and issuance of allotment letters for various sectors and the successful preparation of the Draft Valuation Roll 2023, which underwent public participation. The sector also focused on the acquisition of land for public utilities, such as markets and health centers, and initiated the registration of titles for county-owned properties. These activities have resulted in enhanced land tenure security and a broader revenue base for the county through updated property valuations.

3.7.2 Housing and Urban Renewal

58. In the realm of housing, achievements are driven by activities aimed at providing decent and affordable living spaces. A primary activity was the commencement and progress of the Affordable Housing Program (AHP), with several projects reaching advanced stages of completion. The sub-sector also focused on the renovation and maintenance of existing county rental estates and the development of comprehensive housing policies. These achievements have led to increased housing stock and improved living conditions for residents.

3.7.3 Urban Planning and Development Control

59. The sub-sector prioritizes activities to ensure orderly urban development and compliance with planning standards. Key achievements included the processing and approval of thousands of development applications through the e-construction system and the conduct of regular enforcement raids to deter illegal construction. The sub-sector also worked on the formulation of local physical development plans for specific areas, such as the CBD and Eastlands. These activities resulted in better-regulated urban growth, improved safety of the built environment, and a more structured approach to city expansion.

3.7.4 Urban Renewal and Design

60. Focusing on aesthetic and functional improvements, this sub-sector undertook activities to revitalize public spaces and transport corridors. Achievements include the beautification of major roundabouts, creation of pedestrian-friendly walkways, and design of modern urban furniture. By integrating green spaces into the urban fabric and improving non-motorized transport facilities, the sub-sector achieved a more livable and visually appealing city, enhancing the overall quality of life for Nairobi's residents.

3.8 Innovation and Digital Economy

61. The significant activity was the development of an email messaging system for 199 users and the deployment of a GIS platform to map disaster-prone areas, which has resulted in improved risk assessment and better coordination among emergency response teams. The sector also successfully automated the liquor licensing process, enabling online tracking and mobile payment integration, and initiated the Unify Business Permits (UBP) application, which is currently in the testing phase to further streamline business operations.

Infrastructure expansion was a major achievement, with the sector deploying Internet access to 31 sub-county and satellite offices to support decentralized administrative units. The operationalization of the County Data Centre and the upgrading of the local area network (LAN) at City Hall have led to more reliable and faster access to county systems and data. Additionally, the sector implemented voice-over-IP (IP-PABX) calling services and a call center at the customer service center to facilitate more efficient communication within the county government.

The sector's activities in the digital economy and capacity building have also yielded tangible outcomes for the youth and staff of Nairobi. Notable achievements include the sensitization of over 300 youths to digital economy opportunities. In addition to that, 65 youths received sponsorships from Moringa School, with 49 successfully graduating, and six start-ups were supported with seed grants during the Mozilla Africa Mradi Innovation Week. Internally, the county was accredited as a Training and Testing Center for ICDL.

3.9 Finance and Economic Planning

3.9.1 Financial Management and Resource Mobilization

62. A primary achievement for the sector was the consistent mobilization of resources to fund county operations, driven by activities in revenue collection and cash flow management. These activities resulted in the outcome of sustained service delivery across all county sectors and a deliberate effort to align revenues with expenditure commitments to prevent the growth of pending bills. The implementation of early procurement strategies and the monitoring of projects have led to more efficient utilization of allocated funds.

3.9.2 Economic Planning and Budgetary Coordination

63. The sector made significant progress in enhancing the quality of economic planning and budgetary oversight, including the preparation and timely submission of essential statutory documents, such as the County Budget Review Outlook Paper (CBROP) and the County Fiscal Strategy Paper (CFSP). These achievements were complemented by activities in project conceptualization and the conduct of feasibility studies, which directly support the outcome of a more impactful and priority-based approach to project implementation. The sector's adherence to the Public Finance Management Act (2012) and County Government Regulations (2015) has resulted in strengthened financial reporting and a more disciplined budgetary process.

3.9.3 Asset Management and Internal Controls

64. In terms of accountability, the sector focused on activities aimed at safeguarding county assets and improving internal financial controls. Achievements included the initiation of updates for the Sector and Sub-County Asset Registers and the development of Standard Operating Procedures (SOPs) for payment processing. These activities are designed to yield the outcome of an operationalized asset management system and a robust internal control environment that minimizes financial risks. The sector also prioritized capacity building in weak operational areas to ensure that staff are equipped with the skills necessary for effective financial oversight and compliance.

3.10 Boroughs and Personnel Administration

3.10.1 Office of the County Secretary

65. In terms of County Administration, primary activities focused on improving the working environment, which resulted in the renovation of the basement parking and 23 washrooms across City Hall Annex and Main City Hall. Infrastructure outcomes also included drilling and equipping a borehole at City Hall to ensure 24-hour water availability and the procurement of seven high-specification and utility vehicles to support county leadership and directorates.

Legislative and governance outcomes were driven by the activities of the CEC Secretariat and the Research and Policy Development unit. The sector successfully facilitated 74 County Executive Committee meetings and 11 Chief Officer meetings. In policy development, the sub-sector cleared 55 researchers/institutions to operate within the county. The development of the Records Management Policy and the appraisal of thousands of non-current files across various departments have laid the groundwork for the outcome of standardized and efficient county archival systems.

The sector also prioritized accountability and performance through the Efficiency Monitoring and Evaluation and Reforms and Performance Management sub-programme. Key activities included conducting four Rapid Results Initiative (RRI) waves, which directly supported the outcome of a more ethical and results-oriented organizational culture. Performance management activities resulted in the review of annual guidelines and the development of 122 key metrics to assess county progress. These achievements demonstrate the sector's commitment to transforming the quality and effectiveness of Nairobi's public service.

3.10.2 Office of the Governor

66. The primary activity was the coordination of County Executive and Sub-sector functions, which resulted in the achievement of 100% preparation and submission of the County Annual Development Plan (ADP) and the coordination of 74 County Executive Committee meetings. These activities directly support improved policy implementation and accounting for results within the government structure. Additionally, the sector's focus on intergovernmental relations led to the successful coordination of the Intergovernmental Relations Technical Committee (IGRTC) on the

transfer of devolved functions and the execution of 68 Memoranda of Understanding with various partners, strengthening Nairobi's collaborative framework.

The sector also achieved significant results through activities focused on donor coordination, and protocol management. The Office of the Donor Coordination was successfully established and operationalized, leading to the mobilization of resources and the hosting of the Nairobi City County Investment and Partnerships Roundtable, which attracted over 300 potential investors and development partners to the table. In terms of diplomacy and international relations, the sector coordinated 600 courtesy calls and managed the participation of the Governor in major international forums such as the UN Habitat Assembly and COP 28. These achievements have resulted in an expanded resource outlay and an elevated global profile for Nairobi, positioning the city as a leading destination for investment and international cooperation.

Administrative and advisory activities further consolidated the sector's performance. The Governor's Advisory Unit achieved its target by providing technical briefs for all hosted events and international travel, while the Liaison Office facilitated effective communication between the County Executive and the County Assembly.

3.10.3 Boroughs and Sub County Administration

67. The primary activity was the administrative decentralization of the city, which led to the completion of a blueprint for establishing six boroughs and the holding of 28 public participation forums regarding their formation. Physical infrastructure development was also a major focus, resulting in the successful completion of the Embakasi East Sub-County offices and a water tank and ablution block in Nairobi South Ward. While construction is currently ongoing for the Southern and Northern borough offices, the sector successfully renovated the City Hall Annexe to improve the central working environment.

3.10.4 Security and Compliance

68. The major activity was strengthening the enforcement workforce, which resulted in the recruitment and training of 1,500 new enforcement officers and the deployment of 1,081 officers down to the ward level. This expansion, supported by the procurement of 2,000 sets of uniforms and essential office equipment like computers, has enhanced the sector's operational presence and its ability to maintain law and order across Nairobi's 17 sub-counties.

In terms of administrative and regulatory outcomes, the sub-sector successfully drafted Service Standing Orders and a comprehensive training manual, providing a clear framework for professional conduct and skill development. The Investigation and Information Analysis department also met its targets by submitting regular monthly crime reports, leading to better-informed decision-making and more effective intelligence gathering. These efforts were complemented by the physical refurbishment of the 7th and 2nd floor offices at City Hall Annex, which improved the working environment for staff and streamlined the coordination of security services.

3.10.5 Disaster Management and Coordination

69. The primary activity was the maintenance of high operational readiness, which resulted in the achievement of an 80% emergency call response rate and 100% response to mass casualty incidents. Additionally, the sector conducted over 35,000 annual premise inspections and inspected 1,350 fire hydrants, which are critical activities aimed at the outcome of reducing fire risks and ensuring infrastructure safety.

The sector also focused on expanding its physical and human capacity to improve service delivery outcomes. Key activities included the ongoing renovation of the Tom Mboya, Kangundo, and Enterprise fire stations, as well as the initial steps toward establishing the Nairobi Fire and Disaster Management Academy at the Kangundo Road station. In terms of human resources, the sector maintained a staff of 460 personnel and provided psychological support to approximately 15% of persons affected by disasters, contributing to the outcome of comprehensive emergency care.

Administrative and legislative activities have strengthened the sector's governance framework. Achievements include the operationalization of the Disaster Emergency Fund with Ksh.200 million mobilized and the progress made in amending and operationalizing the Disaster Management Act, which reached a 50% completion status. These activities, have resulted in more effective relief and rehabilitation support.

3.10.6 Internal Audit

70. By reviewing and evaluating budgetary performance and financial management, the department produced numerous critical reports, including audits on pending bills, payroll requisitions, and specific operations like the Nairobi City County Alcoholic Drinks Licensing and Control Board. These activities directly support the mandate of providing reasonable assurance on risk management and governance within the County.

The department also focused on improving the effectiveness of both financial and non-financial performance management systems through targeted audits of essential services. This included reporting on the operations of Mbagathi and Pumwani Maternity Hospitals, Early Childhood Development Education (ECDE) funds, and Ward Development Fund capital projects. The outcome of these achievements is reflected in the department's ability to maintain high budget absorption rates, while providing management with necessary recommendations to strengthen county operations.

The department expanded its scope to address emerging risks through special audits on inventory management at the Nanyuki Road Depot and reviews of County Asset Management. These activities were complemented by efforts to enhance staff capacity, such as training 25 auditors to ensure they remain in good standing with professional bodies like ICPAK and IIA.

3.10.7 Office of the County Attorney

71. A major highlight was the successful defense of a Ksh.1.49 billion medical and life insurance tender case, which allowed the county to proceed with essential procurement. Furthermore, the office handled 832 newly registered legal matters and reviewed 1,035 legal fee notes, achieving a massive reduction in external advocate claims from Ksh.30 billion to Ksh.7 billion, effectively saving the County Ksh.23 billion. These activities directly support the strategic objective of providing efficient and effective legal services to the County Executive while safeguarding public funds.

In the realm of legislative and transactional governance, the OCA's activities have led to improved regulatory frameworks and standardized operations across county sectors. Achievements include the review and execution of 68 Memoranda of Understanding (MOUs), the preparation of 543 contracts, and the attestation of 3,480 leases. On the legislative front, the office facilitated the review of 14 county laws and successfully published key acts such as the Nairobi City County Climate Change Act, 2024 and the Persons with Disability Act, 2025. These outcomes were bolstered by administrative activities, including the recruitment and deployment of 42 legal counsel and the renovation of office spaces at City Hall Annex and Main City Hall, ensuring the office has the capacity and environment to fulfill its mandate.

3.10.8 Public Service Management

i. General Administration and Support Services

72. A primary focus of this sub-program was the enhancement of the work environment through significant infrastructure activities. The sector successfully completed the 100% renovation of HRMD offices on the 4th floor of the main City Hall, the 1st floor annex, and earmarked offices on the 3rd floor. To support these physical improvements, the sector procured and distributed 89 computers and 32 printers to various sections. Additionally, the sector conducted four baseline surveys—including Training Needs Analysis (TNA) and employee satisfaction—leading to the implementation of recommendations for a more supportive workplace. These activities have resulted in the outcome of an improved operational environment and a baseline for assessing future employee productivity.

ii. Human Resource Transformation

The sector achieved notable success in improving staff welfare and administrative efficiency through systematic human resource management. Key activities included the procurement of comprehensive medical, WIBA, and GPA insurance cover for up to 13,716 staff members, ensuring essential health and safety protections. The sub-sector also successfully streamlined the payroll process, achieving the outcome of earlier monthly submissions. These achievements directly support the strategic outcome of increased job satisfaction and the maintenance of a highly motivated workforce.

iii. Human Resource Development and Capacity Building

To stimulate employee productivity, the sector prioritized continuous learning and career advancement activities. The sub-sector successfully implemented training programs. Strategic activities also included the training of staff on Performance Management and the facilitation of promotions to ensure proper career progression. These efforts are designed to yield the outcome of a highly skilled and competent workforce capable of delivering excellent service in line with the county's vision of order and dignity.

3.11 Ward Development Programme

3.11.1 Infrastructure Development and Connectivity

73. Key activities include the grading and graveling of access roads, the construction of pedestrian footbridges, and the installation of culverts to improve drainage. These efforts directly resulted in the outcome of reduced travel times for residents and improved access to essential services like markets and health centers. By focusing on labor-intensive infrastructure projects, the programme also facilitated the achievement of local job creation, providing temporary employment to youth and women within their respective wards.

3.11.2 Social and Community Amenities

The Programme successfully expanded social infrastructure by funding the construction and renovation of community facilities tailored to specific ward needs. Activities included the building of social halls, the fencing of public spaces to prevent encroachment, and the installation of high-mast floodlights to improve security in residential areas. These infrastructure outcomes have fostered a safer environment for socioeconomic activities and provided spaces for community gatherings and talent development. In addition to that, the drilling and equipping of community boreholes addressed critical water shortages, leading to the outcome of improved public health and reduced costs for clean water at the household level.

3.11.3 Education and Health Support

To bolster human capital, the Ward Development Programme prioritized activities that support local learning and healthcare environments. Achievements included the construction of additional classrooms in Early Childhood Development and Education (ECDE) centers and the renovation of ward-based health clinics. These activities were often complemented by the procurement of desks and medical equipment to ensure the facilities are fully operational. These achievements have resulted in the outcome of increased school enrollment rates and improved access to primary healthcare for vulnerable populations, ensuring that development benefits reach the grassroots level effectively.

3.11.4 Institutional Capacity and Project Oversight

The programme also achieved milestones in project management and community engagement. Activities focused on the identification of priority projects through public participation forums in all 85 wards, ensuring that the budget aligns with the actual needs of the residents. The sector maintained oversight through regular monitoring and evaluation visits. These activities have resulted in the outcome of enhanced transparency in the utilization of ward-specific funds and the successful completion of hundreds of small-scale projects.

3.12 County Public Service Board (CPSB)

74. The sub-sector achieved significant milestones in stabilizing and enhancing the county's workforce through targeted recruitment and administrative oversight. Key activities included the appointment and confirmation of persons to hold or act in offices within the county public service, as well as the establishment and abolition of offices to align with organizational needs. These actions, supported by the exercise of disciplinary control and the preparation of regular reports for the County Assembly, have resulted in the outcome of a more professional, efficient, and accountable public service. Moreover, the Board's focus on promoting national values and principles, as outlined in Articles 10 and 232 of the Constitution, has led to improved compliance and a more ethical working culture across the county.

In addition to personnel management, the Board successfully facilitated human resource planning and provided critical advisory services to the county government. Activities aimed at the implementation and monitoring of the national performance management system were prioritized to ensure service delivery targets are met. These efforts resulted in the outcome of sustained service delivery and improved management of personnel emoluments. To further modernize operations, the Board has also initiated the automation of human resource systems, which is expected to yield greater operational transparency and efficiency.

3.13 County Assembly

75. The County Assembly achieved significant progress in its legislative and oversight activities, which directly contributed to the outcome of strengthened democratic processes within Nairobi City County. A major activity was the processing and passage of critical bills and motions, resulting in a more robust legal framework to guide county operations. For instance, the Assembly completed a 60% upgrade of the Multi-Media Digital Congress System at City Hall, an activity aimed at modernizing legislative proceedings and improving the efficiency of debates and record-keeping. These technological advancements have resulted in the outcome of enhanced transparency and better access to legislative information for both members and the public.

The Assembly's oversight achievements are connected to the activities of its various committees, which conducted reviews of sector performances and held the executive accountable for the implementation of the County Integrated Development Plan (CIDP). By facilitating committee services and capacity-building sessions, the Assembly improved the quality of scrutiny applied to

county expenditures and project delivery. The Assembly successfully maintained its representation role, ensuring that the aspirations of Nairobi residents were captured in the legislative agenda. These collective efforts have resulted in the outcome of more prudent management of public resources and a more responsive county legislature.

CHAPTER FOUR: RESOURCE AND EXPENDITURE FRAMEWORK 2026/27 2028/29

4.1 Guiding Philosophy

76. The city has made significant strides towards the implementation of the CIDP 2023 – 2027 whose vision is to make Nairobi a city of order, dignity, hope and opportunities for all. The budget 2026/2027 will be welcoming the eve of wrapping up implementation of the current plan. There is a huge catalogue of ongoing development programmes which requires completion so that Nairobians reap the gain of investment of public resources. The theme of this paper, consequently, is to sustain the gain towards achievement of the County's vision espoused in the current plan. In the medium term, focus will be on continuation/completion of the ongoing programmes

4.2 Policy statements towards the 2025/2026 budget

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

4.2.1 Streamlining procurement and strengthening internal financial controls

78. The current financial year saw a slow pace in procurement of both goods and services. This was exacerbated by the implementation of the electronic government procurement system (e-GP). To ensure seamless absorption of the budgeted resources hence uninterrupted service delivery, procurement planning will be synchronized with planning/budgeting cycle to reduce delays. A logical spread of procurement through the first three quarters of the financial year is advised.

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

4.2.2 Management of county Wage bill

79. Section 25 (1-b) of the Public Finance Management (County Government) Regulations, 2015 stipulates that wages and benefits for public officers should not exceed 35% of total revenue. Attaining this target has remained subtle for the county, becoming more farfetched with time. The county executive committee has initiated measures to tame the pace of increase of the county wage bill, making it a policy that all recruitment must undergo approval procedures and only function with serious shortages will be allowed to acquire more personnel. This policy will be adhered to in the medium term.

4.2.3 Public Investment Management

80. Towards improved implementation of county projects/programmes, the county commenced implementation of the Public Finance Management (Public Investment Management) Regulations 2022. This is expected to avert the persistent challenges in implementation of projects which stems from poor conceptualization of projects, exacerbated by poor financing and payment to contractors. In the medium term, the economic planning department will entrench Public Investment Management (PIM) process in all sectors in order to streamline the initiation, implementation, execution, and delivery of public investment projects. Project pre-feasibility and feasibility, Monitoring and evaluation will become the game changer in project completion and absorption of development fund.

4.2.4 Management of county debt

81. The county government is prioritizing the reduction of overdue obligations owed to suppliers, contractors, statutory bodies and utility providers. To achieve sustainable debt management, the county will ensure proper cash flow planning to ensure that commitments aligns to the flow of resources. Strengthening collection of own-source revenue through improved systems and compliance efforts remains a priority. Resource inadequacy has continuously derailed the county from the desired development path. In the long run, and to achieve the development goals, the county may pursue borrowing to reduce the financing gap. This is as provided for in the constitution and the Public Finance Management Act. Full implementation of the Debt Management Strategy prepared alongside this paper will guide the county towards sustainable debt management.

4.2.5 Resource mobilization (Own Source Revenue)

82. To address the fiscal gap in the medium term, the county government will pursue diversification of funding options by exploring innovative and sustainable alternatives beyond the traditional public financing sources. The Priority financing alternatives identified are Public Private Partnerships (PPPs), Green Financing, Capital markets, corporate linkages, Grants and donor funding and their known derivatives.

4.3 External Resource Mobilization and Alternative Financing Mechanism

83. In addition to own-source revenue and intergovernmental transfers, Nairobi City County will pursue external and alternative financing pathways to bridge financing gaps, accelerate infrastructure development, and enhance service delivery. These pathways are intended to complement the County's revenue enhancement measures and reduce pressure on recurrent resources. These methods include but not limited to;

4.3.1 National Government Special Purpose Transfers

84. In recognition of Nairobi City County's unique role as the capital city and a national economic hub, the County Government has been pursuing **special-purpose financing** as part of its external resource mobilization strategy. Nairobi delivers services and infrastructure with significant national and international spillover effects, placing sustained pressure on the County's fiscal capacity. Article 6 (2) of the Constitution of Kenya provides that governments at the national and county levels are distinct and inter-dependent and shall conduct their mutual relations based on consultation and cooperation. Article 186 of the Constitution recognizes the respective functions and powers of the national government and county governments while Article 189 (2) of the provides that Government at each level, and different governments at the county level, shall co-operate in the performance of functions and exercise of powers and, for that purpose, may set up joint committees and joint authorities.

Section 6 (5) of the Urban Areas and Cities Act, Cap 275 provides the legal basis for intergovernmental cooperation and partnerships between the two levels of government for the purpose of enhancing the performance of functions and the delivery of services within the Capital City. Towards this, and in acknowledgment of the common goal of ensuring Nairobi becomes a competitive city globally despite the existing resource inadequacies, a cooperation agreement was signed between the National Government and the Nairobi City County on 17th February, 2026 towards the promotion of social and economic development in the capital city. The Collaboration is directed towards strengthening the performance of county functions and improving the quality, efficiency, and sustainability of service delivery within the Capital City, through coordinated planning, resourcing, and implementation support by the National Government and the County Government. The cooperation targets the following areas:

- i. Refuse collection, management of refuse dumps and solid waste disposal to improve public health within the Capital City through enhanced and integrated waste management systems.
- ii. Development, maintenance and improvement of County roads, Non-Motorized Transport and street lighting to enhance transport services within the Capital City, with the objective of improving urban mobility, safety, accessibility, and connectivity.
- iii. Planning and development of markets in order to promote orderly trade, support micro, small and medium enterprises(MSMEs)advance integrated urban development, and facilitate the provision of dignified trading facilities in response to urban growth while strengthening the capital city's position as a commercial hub;
- iv. Housing related infrastructure and development needs of the Capital City; and
- v. Provision of water and sanitation services with the objective of enhancing access to safe water, improving sanitation standards, protecting public health, and supporting sustainable urban development within the Capital City.
- vi. Such other areas may be necessary to support the effective performance of county function and delivery of services within the Capital City as the Parties may mutually determine.

Pending the full operationalization of the cooperation and implementation of the earmarked programmes, strategic adjustments will be incorporated into the FY 2026/27 Programme Based Budget Estimates before submission for approval to ensure the county meets its commitments towards implementation of the cooperation treaty.

4.3.2 Grants and Donations

85. Grants and donations constitute an important source of non-repayable financing, particularly for social services, urban resilience, climate action, and governance reforms. Nairobi's position as a regional and global hub, hosting multiple development partners and international organizations, presents significant opportunities for mobilizing programmatic and project-based grants. The County will strengthen grant coordination, proposal development, reporting, and accountability mechanisms to ensure alignment with County priorities and compliance with the Public Finance Management Act and development partner requirements.

4.3.2A Conditional Grants as an External Resource

Conditional grants constitute an important component of Nairobi City County's external resource envelope. These grants are transferred from the National Government and development partners for specific purposes and are governed by defined eligibility criteria, performance conditions, and reporting requirements in accordance with the **Public Finance Management Act, 2012** and the annual **Division of Revenue and County Allocation of Revenue Acts**.

Unlike unconditional transfers, conditional grants are **ring-fenced**, program-specific, and dependent on compliance with agreed policy actions, fiduciary standards, and implementation milestones. As such, they represent a strategic but non-discretionary source of financing that complements County resources while strengthening institutional capacity and service delivery.

4.3.2.1 Unconditional Allocations

The First Schedule to the County Allocation of Revenue Bill for FY 2026/27 provides for unconditional allocations to counties comprising Ksh 148.2 million from court fines and Ksh 1.83 billion representing the 20% share of mineral royalties across all devolved units. From this allocation, Nairobi City County receives a total of Ksh 85.3 million, being Ksh 72.8 million from court fines and Ksh 12.5 million as its share of mineral royalties. This marks a substantial increase compared to Ksh 2.4 million in FY 2025/26, reflecting a significant enhancement in Nairobi's unconditional transfers to support priority service delivery and development interventions.

4.3.2.2 Conditional allocations

The Second Schedule to the County Allocation of Revenue Bill for FY 2026/27 provides Ksh 16.3 billion in conditional grants to all counties, with Nairobi City County allocated Ksh 481.7 million, an increase from Ksh 338 million in FY 2025/26, reflecting strengthened national support to priority devolved functions in health, industrialization and housing.

Of this, Ksh 224 million is allocated to the Community Health Promoters (CHP) programme, subject to conditions including signing of the Intergovernmental Participatory Agreement (IPA), providing evidence of budgetary allocation for CHP stipends, opening and operationalizing a Special Purpose Account (SPA), transferring funds from the County Revenue Fund (CRF) to the SPA within 21 working days, and submitting quarterly financial and technical reports. The funds are ring-fenced strictly for CHP stipends and facilitation to enhance preventive and promotive healthcare at the community level.

The Ksh 250 million allocation for the County Aggregation and Industrial Parks (CAIP) initiative requires Nairobi to sign the Intergovernmental Participatory Agreement with the State Department for Industry, provide at least 10 hectares of accessible land with clear ownership, ensure availability of basic infrastructure, undertake feasibility and environmental studies, establish a governance structure, and adhere to set implementation timelines. The grant must be reflected in County budget estimates, transferred to a dedicated Special Purpose Account within 15 days of receipt, reported on quarterly and annually, and utilized strictly for CAIP development.

Additionally, Ksh 7.7 million from the Affordable Housing Levy Fund is earmarked for approved affordable housing projects and related infrastructure, subject to compliance with national housing guidelines, budgetary inclusion, and reporting requirements, thereby supporting Nairobi's contribution to the national affordable housing agenda

4.3.2.3 Additional conditional allocations

Conditional additional allocations from proceeds of loans and grants are provided to County Governments to finance development partner supported programmes, subject to compliance with agreed policy, fiduciary, and performance conditions. These resources supplement county budgets and are released only upon meeting requirements by development partners. Upon meeting the criteria, Nairobi County will receive additional conditional allocation relating to; Building Resilience and Responsive Health Systems, NAVCDP and KSDP II as indicated below.

Building Resilience and Responsive Health Systems (Ksh. 168.7 Million)

This programme supports the strengthening of county health systems through sustained sector prioritisation, strong fiduciary controls, and service delivery at primary healthcare levels. Funding is conditional on the signing of an Intergovernmental Participation Agreement (FY 2024/25–FY 2028/29), progressive increase of the health budget from a minimum of 25 percent to at least 30 percent, operation of a Special Purpose Account at the Central Bank of Kenya, and submission of complete quarterly technical and financial reports. The county must maintain or increase

allocations for Level 2 and 3 facilities, Health Products and Technologies, and full compliance with audit requirements to ensure accountability and value for money.

NAVCDP (KES 100 million)

The NAVCDP allocation is aimed at timely and results-based implementation of agreed project activities in accordance with approved budgets and work plans. Both levels of government are required to provide for co-financing, ensure prompt disbursement of funds to spending units, integrate project budgets into annual estimates, and submit regular financial and performance reports to the National Treasury and the World Bank. Implementation must adhere to signed MoUs, supported by continuous monitoring, evaluation, and annual audits to guarantee prudent management of project resources.

KDSP 2 Level I (KES 1.76 billion) and KDSP 2 Level II – FY 2026/27 (KES 7.75 billion)

The County Allocation of Revenue Bill, 2026 has not specified the allocation per County for KDSP 2 Level I allocation. However, each County Will benefit from the total allocation of Kshs. 1.76billion contingent on compliance with governance and accountability standards, including signing a Participation Agreement, establishing programme structures, preparing approved plans and budgets, attaining a clean or qualified audit opinion, and reporting on programme implementation. Timely transfer of funds from the County Revenue Fund to the designated Special Purpose Account is required to support efficient programme execution.

KDSP 2 Level II funding is performance-based and conditional on institutional readiness, fiscal transparency, and reform implementation. Counties must have approved work plans and budgets, disclose pending bills and own-source revenue, establish project management and implementation units, and demonstrate progress in human resource reforms, infrastructure screening, gender mainstreaming, and environmental and social safeguards as prerequisites for accessing the investment grant.

4.3.3 Joint Ventures and Strategic Investments

86. Joint ventures provide an opportunity to unlock value from County land and other public assets through risk-sharing arrangements with private sector partners. Priority areas include urban regeneration, redevelopment of markets, affordable housing, and waste management infrastructure.

87. The County will undertake asset valuation, develop standardized joint venture frameworks, and establish governance mechanisms to safeguard public interest and optimize returns from such partnerships.

Table 1: Indicative joint venture opportunities

Asset Category	Description	Potential JV Application	Anticipated Benefits
Markets	Redevelopment of selected public markets	Mixed-use commercial development	Improved trader facilities, rental income
Land Assets	Strategic county land parcels	Affordable housing and commercial projects	Asset value enhancement
Transport Hubs	Bus terminals and depots	Commercial redevelopment	Increased non-fare revenue
Waste Facilities	Landfill and MRF facilities	Recycling and waste processing	Reduced disposal costs, revenue generation
Public Facilities	Underutilized buildings	Commercial leasing	Optimized asset utilization

4.3.4 Technical Assistance and Capacity Support

88. Technical assistance partnerships enable the County to access specialized skills, innovation, and technology without significant fiscal outlays. Key areas include smart city initiatives, revenue administration systems, urban planning, climate analytics, and digital public service delivery. The County will formalize technical cooperation arrangements, institutionalize knowledge transfer, and align technical support with identified capacity gaps to ensure sustainability and impact.

4.3.5 Market-Based Financing Instruments

89. Market-based instruments, including municipal and green bonds, provide access to long-term capital for financing bankable, revenue-generating infrastructure projects. Nairobi City County's economic scale and diversified revenue base present potential for future access to capital markets, subject to compliance with national borrowing frameworks. Any consideration of market instruments will be conditional upon strengthened financial management systems, creditworthiness assessments, project bankability, and adherence to national debt management regulations.

4.3.6 Climate Finance

90. Climate finance presents targeted opportunities to support mitigation and adaptation initiatives such as flood control, renewable energy, waste-to-energy projects, and climate-resilient infrastructure. The County will align its projects with national and international climate finance eligibility criteria and strengthen climate data, monitoring, and reporting systems. Coordination with national climate finance institutions will be prioritized to enhance access to global climate funds.

The table below presents priority climate-responsive projects aligned to mitigation and adaptation objectives and eligible for domestic and international climate finance.

Table 2: Climate responsive opportunities

Project Area	Description	Climate Objective	Potential Funding Source
Flood Control	River rehabilitation and drainage improvement (Ngong, Nairobi rivers)	Adaptation	Green Climate Fund, Adaptation Fund
Renewable Energy	Solar PV installations in county facilities	Mitigation	Climate Investment Funds, Bilateral Climate Programs
Waste-to-Energy	Conversion of organic waste to energy	Mitigation	Green Bonds, Climate Funds
Urban Green Spaces	Expansion of urban forests and green corridors	Adaptation/Mitigation	Multilateral Climate Grants
Climate Data Systems	Climate risk mapping and early warning systems	Adaptation	Technical Assistance Grants

4.3.7 Bilateral and Multilateral Cooperation

91. Bilateral and multilateral cooperation frameworks provide concessional financing, technical expertise, and knowledge exchange opportunities. Nairobi City County will leverage city-to-city partnerships, development cooperation agreements, and its international presence to support infrastructure development, trade facilitation, tourism promotion, and skills development. Such collaborations will be aligned with national foreign policy and County development priorities.

Table 3: Cooperation areas

Cooperation Area	Focus Area	Expected Support
City-to-City Partnerships	Urban planning, transport, housing, Smart City, Spatial Planning, Trade & Investments	Technical expertise, concessional finance
Development Partners	Health, education, social protection	Grants and programmatic support
Academic Institutions	Research, innovation, training	Capacity building and knowledge transfer
Technology Firms	Smart city solutions	Systems development and technical assistance
Multilateral Agencies	Urban resilience and governance	Policy advisory and financing

4.3.8 Public-Private Partnerships (PPPs)

92. Public-Private Partnerships (PPPs) remain a key mechanism for delivering large-scale infrastructure and public services, particularly in transport, Health, solid waste management, water and sanitation, and digital services.

Through the guidance of the Public Private Partnership Act, 2021, the County has taken note of the importance of PPPs to compliment the County Budget and moved forward to establish a PPP unit within the County Economic Planning Department. The unit will coordinate with the Sectors in identifying potential PPP projects, structuring, sourcing for potential partners and implementation of the projects.

Over the medium term, a pipeline of priority projects has been identified for potential implementation through Public-Private Partnerships (PPPs) and subsequently approved by the County Executive Committee in September 2025 as outlined in the table below. The listed projects are indicative and will be subjected to comprehensive pre-feasibility and feasibility studies, value-for-money assessments, affordability and fiscal risk analyses, and all necessary approvals in accordance with the national PPP legal, regulatory, and institutional framework prior to implementation.

Table 4: PPP Opportunities

S/No.	Project Name	Sector	Indicative PPP Model	Expected Outcomes
1	Establishment of a Biomedical Waste Management Plant	Health Services	DBFO	Safe disposal of medical waste, reduced environmental and public health risks, regulatory compliance
2	Establishment of a Central Oxygen Plant	Health Services	DBFO	Reliable medical oxygen supply, reduced costs, improved emergency and ICU care
3	Amenity Wings in Level 5 Hospitals	Health Services	DBFO (User-Pay / Hybrid)	Expanded bed capacity, improved patient comfort, additional hospital revenue
4	Hospital Complex at Pumwani Maternity Hospital	Health Services	DBFO + Availability Payments	Modern maternal facilities, reduced congestion, improved maternal and neonatal outcomes
5	Mbagathi Hospital Redevelopment	Health Services	DBFO / Concession	Modernized referral hospital, increased capacity, enhanced quality of care
6	Nairobi Funeral Home & Forensic Services	Health Services	BFOMT	Modern mortuary services, enhanced forensic capacity, improved dignity and efficiency
7	Pumwani College Hospitality & Service Hub	Health Services	DBFOMT	Improved student services, additional non-clinical revenue, better learning environment
8	Solarization of Nairobi County Hospitals	Health Services	DBFOMT	Reduced energy costs, reliable power supply, lower carbon emissions

S/No.	Project Name	Sector	Indicative PPP Model	Expected Outcomes
9	Upgrading of Mama Rachel Ruto Hospital	Health Services	BFOMT	Improved service delivery, increased access to healthcare, better patient outcomes
10	Establishment of Pathology Laboratories in Level 4 Hospitals	Health Services	DBFO (Managed Services)	Faster diagnostics, improved lab quality, reduced referrals
11	Radiology & Imaging Centers in Level 4 Hospitals	Health Services	Managed Equipment Services (MES) / DBFO	Enhanced diagnostic capacity, reduced waiting times, improved clinical decisions
12	Mass Transit System – BRT	Mobility and Works	DBFOMT	Reduced congestion, lower travel times, affordable public transport
13	Mass Transit System – LRT	Mobility and Works	DBFOM + Government Support	High-capacity transit, urban regeneration, reduced emissions
14	Electric Vehicle Charging Infrastructure	Mobility and Works	DBFOMT / Concession	Support EV adoption, reduced fuel emissions, private investment mobilization
15	Nairobi Smart Street Lighting Project (NSSL)	Mobility and Works	DBFOMT	Improved public safety, energy efficiency, lower operating costs
16	Urban Mobility Hub – Sunken Park	Mobility and Works	DBFOMT	Integrated transit, commercial activity, improved urban connectivity
17	City Market Redevelopment Project	Business and Hustler Opportunities	DBFOMT	Modern market facilities, increased trader income, urban renewal
18	Green Nairobi Convention & Expo Center (GNCEC)	Business and Hustler Opportunities	DBFOMT	Increased tourism receipts, job creation, global city branding
19	Nairobi County Staff Housing Project	Urban Planning, Lands & Housing	DBFO	Affordable staff housing, reduced commuting stress, staff retention
20	Nairobi Diplomatic Estate Complex Development	Urban Planning, Lands & Housing	DBFO	High-value investment, stable rental income, enhanced diplomatic presence
21	Nairobi Cultural Village Project (NCV)	Business and Hustler Opportunities	DBFO	Cultural preservation, tourism growth, creative economy jobs
22	Smart Urban Operations & Citizen Services Platform (NSUO-SP)	ICT & Digital Economy	DBFOT	Improved service delivery, data-driven governance, citizen engagement

S/No.	Project Name	Sector	Indicative PPP Model	Expected Outcomes
23	Modern Multi-Species Abattoir & Market Complex	Green Nairobi	DBFO	Improved food safety, livestock value addition, enhanced market access

4.4 Revenue Performance 2024/25- 2025/26(Mid)

4.4.1 Revenue Performance FY 2024/25

93. The key County revenue sources during the year under review comprised the equitable share from the National Government and Own Source Revenue (OSR). By the end of FY 2024/25, total revenue comprising equitable share, conditional grants, and OSR amounted to Ksh.**34.21**billion, against a revised target of Ksh.**40.50** billion. Own Source Revenue collections stood at Ksh.**13.63** billion compared to a revised target of Ksh.**17.00** billion, resulting in a shortfall of Ksh.**3.37**billion. Receipts from the National Government, including the equitable share and conditional grants, totaled Ksh.**20.58** billion, following a downward revision from Ksh.**21.59** billion.

Table 5: Revenue Performance 2024/25

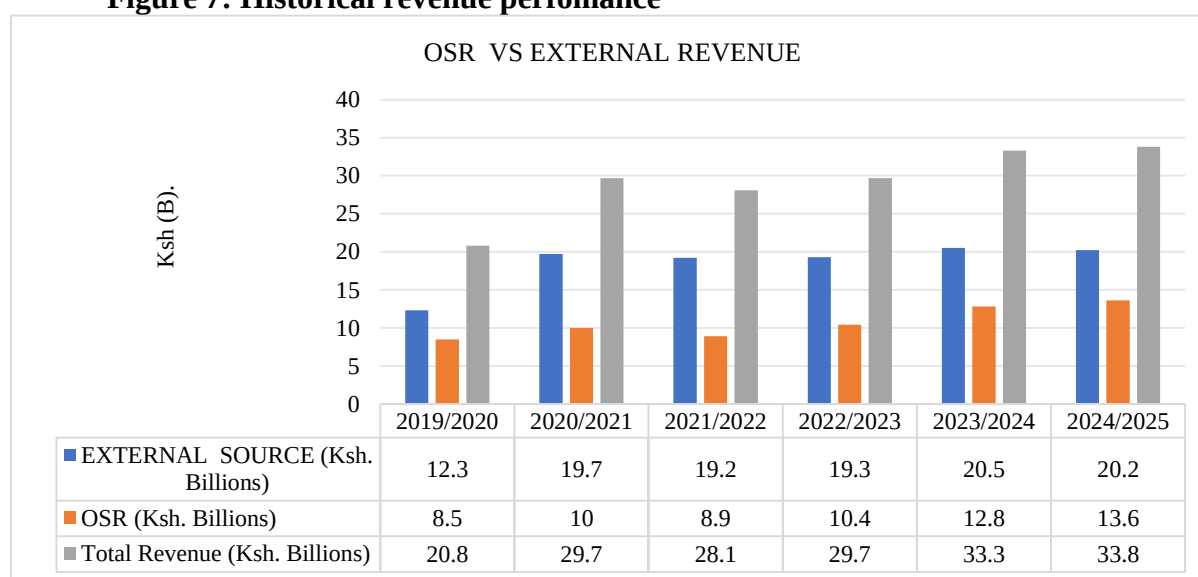
REVENUES & CASH BALANCES	FY 2024/25			
	Actual (M's)	Target (M's)	Deviation	% performance
Equitable Share	20,178.71	20,179.39	0.68	100
Community Health Promoters	-	224.01	224.01	-
Basic Salary Arrears for Health Workers	-	112.27	112.27	-
CAIP-County Agrgegated Industrial Projects	-	250	250	-
IDA Credit--Second Kenya Devolution Support Programme KDSP II	-	37.5	37.5	-
ROAD MAINTENNACE LEVY FUND	120.06		-120.06	
SWEDEN-Kenya Agricultural Business Devt Project	-	10.92	10.92	-
DANIDA Grant-Primary Health Care in Devolved Context	24.52	24.52	-	100
UN Fund for Population Activities-10th Country Grant	-	8.95	8.95	-
World Bank -Kenya Informal Settlement Improvement Project II	260	750	490	34.67
EXTERNAL REVENUES	20,583.29	21,597.56	1,014.27	95.3
Own Source Revenues To CRF			-	
Land Rates	3,248.00	4,750.00	1,502.00	68.38
Parking fees (total)	1,891.85	2,500.00	608.15	75.67
Unified Business Permits	2,572.97	3,200.00	627.03	80.41
Plans and Inspections (Building Permits)	1,447.52	2,000.00	552.48	72.38
Billboards and advertisements	636.99	1,250.00	613.01	50.96
House Rents and stalls	761.29	600	-161.29	126.88
Fire Inspection Certificates	5.32	450	444.68	1.18
Food Handlers Certificates	95.92	300	204.08	31.97
Markets	189.38	560	370.62	33.82
Other Incomes	941.52	1,003.38	61.86	93.83

REVENUES & CASH BALANCES	FY 2024/2025			
	Actual (M's)	Target (M's)	Deviation	% performance
OWN SOURCE REVENUES SWEPT TO CRF	11,790.75	16,613.38	4,822.63	70.97
Appropriations In aid	-	-	-	-
Liquor Board Revenue	338.59	389	50.41	87.04
Appropriations In aid	338.59	389	50.41	87.04
Cash Balances from FY 2023/2024	-	-	-	-
COUNTY REVENUE FUND	1,478.25	1,478.25	-	100
Road Maintenance Levy	394.87	394.87	-	100
Kenya Devolution Support Programme 1	31.44	31.44	-	100
Cash Balances from FY 2024/2025	1,904.55	1,904.55	-	100
	34,617.18	40,504.49	5,887.31	85.47

4.4.2 Previous Revenue Performance

94. The total cumulative revenues amounted to Ksh. **33.31** Billion against a target of Ksh. **40.59** B in FY 2023/24. Over the years, the revenue performance has been far below the annual target. This has affected budget implementation and caused fiscal distress.

Figure 7: Historical revenue performance



Own source Revenue

95. By the end of June 2025 total cumulative internal revenues amounted to Ksh.13.63 Billion against a target of Ksh. 17 Billion. This represented a revenue performance of 80.4% of the revised target. The underperformance mainly affected the key revenue streams namely Rates, Single Business Permits, Parking Fees and Billboards that make up the major internal sources

contributing the major component of the internal revenue. However, the performance of own source revenue is the highest collection that Nairobi County has ever collected.

Table 6: OSR Performance 2024/25

REVENUES	2023/2024 Actuals	FY 2024/25				Performance Analysis		
		Actual	Target	Deviation	Growth	% Deviation	% Growth	% perf
Land Rates	3,484	3,248	4,750	1,502	-236	31.6	-6.76	68.4
Parking fees (total)	1,972	1,892	2,500	608	-80	24.3	-4.05	75.7
Single Business Permits	2,395	2,573	3,200	627	178	19.6	7.45	80.4
Plans and Inspections	1,235	1,448	2,000	552	213	27.6	17.23	72.4
Billboards & advertisements	662	637	1,250	613	-25	49	-3.72	51
House Rents	503	761	600	-161	258	126	51.23	126.9
Fire Inspection Certificates	58	5	450	445	-53	98.8	-90.89	1.2
Food Handlers Certificates	107	96	300	204	-11	68	-10.18	32
Markets	214	189	560	371	-25	66.2	-11.62	33.8
Other Incomes	841	942	1,003	62	101	6.2	11.96	93.8
Liquor Board Revenue	271	339	389	50	68	13	25.06	87
Hospitals & NFH	1,072	1,500		-1,500	428		39.92	
Totals	12,813	13,630	17,002	3,373	817	19.8	6.37	80.2

Reasons for low Performance

○ 1. Weak and Incomplete Revenue Databases

Inaccurate, outdated, and fragmented data across major revenue streams have constrained revenue performance. In rentals, rates, UBP, advertisements, and parking, incomplete on boarding of tenants, landowners, businesses, and advertisers into NairobiPay and related systems limited the County's ability to bill, track arrears, and enforce compliance. The absence of continuous data cleansing resulted in ghost accounts, duplicated records, and untraceable defaulters.

○ 2. Narrow and Under-Expanded Revenue Base

The County's revenue base has not kept pace with Nairobi's rapid urban growth. Key potential contributors such as sectional title properties, informal and emerging businesses, digital traders, boda boda operators, online advertisers, and ground rent were either partially captured or not captured at all. This constrained revenue growth despite rising economic activity.

○ 3. Weak Enforcement and Compliance Mechanisms

Historically, enforcement actions such as demand notices, evictions, agency notices, impounding, and compliance checks were inconsistent, centralized, and weakly coordinated, leading to low deterrence against non-compliance. Limited presence of enforcement officers at sub-county and ward levels reduced the effectiveness of follow-ups on defaulters.

- **4. Limited Automation and System Inefficiencies**

Partial automation of revenue modules, frequent system downtimes, and lack of integration between GIS, NairobiPay, NPDMS(National Physical Development Management System), and sectoral systems undermined billing accuracy and real-time monitoring. Manual processes, delayed invoice generation, and lack of automated reminders contributed to revenue leakages and delayed payments.

- **5. Inadequate Public Awareness and Stakeholder Engagement**

Low levels of taxpayer sensitization and engagement limited voluntary compliance. Insufficient use of mass communication channels, estate associations, market committees, SACCOs, and professional bodies reduced awareness of payment obligations, charges, penalties, and available payment options.

- **6. Legal and Policy Gaps**

Revenue performance was further affected by **outdated or unclear policy and legal frameworks**, including flat rating regimes, unresolved court rulings affecting road reserves, absence of clear development control guidelines, and delayed enactment of enabling legislation. These gaps constrained enforcement, regularization of illegal developments, and collection from certain revenue streams.

- **7. Institutional Capacity and Coordination Challenges**

Limited staff capacity, lack of standardized training on compliance tools, absence of staff identification and verification mechanisms, and weak interdepartmental coordination (planning, finance, legal, enforcement, ICT) reduced operational efficiency. Revenue functions were often executed in silos, weakening end-to-end collection processes.

- **8. Political and Social Constraints**

Enforcement actions such as evictions, impounding, and agency notices were at times constrained by **limited political goodwill and stakeholder resistance**, affecting consistency and credibility of revenue administration. This weakened compliance culture and emboldened persistent defaulters.

- **9. Underinvestment in Revenue-Generating Assets**

Dilapidated county houses, markets, parking facilities, and service infrastructure reduced occupancy, willingness to pay, and achievable revenue yields. Lack of timely renovation and modernization limited the County's ability to optimize returns from its own assets.

- **10. Limited Performance Management and Accountability**

The absence of clear individual and unit-level revenue targets, weak performance tracking and limited accountability mechanisms reduced incentives for proactive revenue mobilization and innovation at operational levels.

4.4.3. Mid-Year Revenue Performance for FY 2025/26

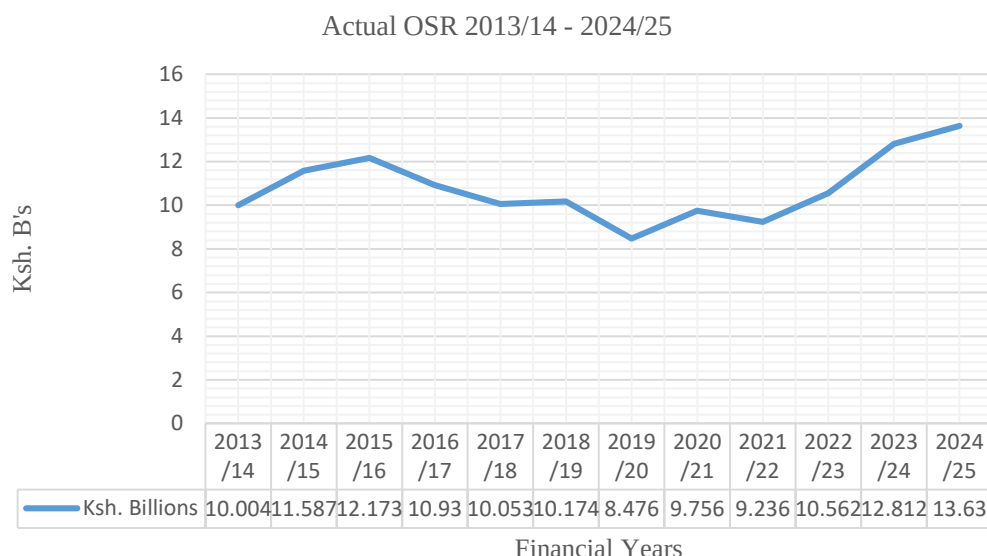
96. As at 31st December 2025, total accumulated revenue, including transfers from the National Government, amounted to **Ksh.13.755 billion**, against an annual target of **Ksh.44.62 billion**, representing **30.8 percent** of the annual revenue target. Ordinary (Own Source) Revenue collections stood at **Ksh.4.867 billion** compared to an annual target of **Ksh.21.581 billion**, translating to **22.5 percent** of the annual OSR target. This reflects a modest but positive improvement, with collections increasing by **Ksh.0.052 billion** compared to the same period in **FY 2024/25**. External revenues, comprising National Government transfers and conditional grants, amounted to **Ksh.8.888 billion**, reflecting a slight positive variance of approximately **Ksh.0.5 billion** when compared to the half-year performance recorded in **FY 2024/25**.

Table 7: Own Sources Revenue as at 31st December 2025

REVENUE PERFORMANCE FY 2025/2026			
Revenue Stream	Q1	Q2	TOTAL
Land Rates	212.28	494.13	706.41
Parking fees (total)	408.5	415.45	823.95
Unified/Single Business Permits	348.09	361.1	709.2
Plans and Inspections (Building Permits)	378.91	448.79	827.7
Billboards and advertisements	200.85	106.67	307.52
House Rents	128.97	194	322.97
Fire Inspection Certificates	0.49	0.42	0.91
Food Handlers Certificates	28.51	25.1	53.61
Markets	57.15	50.61	107.75
Other Incomes	231.23	305.68	536.91
Liquor Fees	58.15	-	58.15
Hospitals Facilities Improvement Fund	412.26	-	412.26
Nairobi Funeral Home	-	-	-
TOTAL	2,465.40	2,401.96	4,867.36

Source: County Treasury

Figure 8: Actual own source revenue from 2013/2014-2024/2025



4.5 Budget Performance 2024/25

4.5.1 Expenditure Performance Review FY 2024/25

97. In FY 2024/25, the combined recurrent and development expenditures were revised to Ksh.**40.50 B** with actual spending at Ksh.**33.52B**. This resulted in a variance of Ksh.6.98B, reflecting an overall absorption rate of **83%**. Development expenditure accounted for only **12%** of total expenditure, significantly below the approved share of **33%** and revised target of **12%**. This indicates that recurrent expenditures dominate the budget, constraining the fiscal space for capital investments, infrastructure development and long-term economic growth.

Table 8: Total expenditure for 2024/25

Description	Approved	Revised	Actual	Deviation from target	% Absorption
RECURRENT					
Transfers to County Assembly	1,925	2,435	1,622	813	67
Liquor Board	294	332	306	26	92
Transfer to Health SPA	52	52		52	0
County Executive	27,034	32,746	27,505	5,240	84
Total Recurrent	29,305	35,565	29,433	6,131	83
DEVELOPMENT					
Transfers to County Assembly	1,635	204	136	68	66
Liquor Board	57	57	3	54	5
Transfer to KISSIP II	825	1,191	366	825	31
RMF		395	192	202	49
County Executive	11,743	3,093	3,393	-300	110
Total Development	14,260	4,940	4,090	850	83
Total Expenditures	43,564	40,504	33,523	6,981	83
% Devt Expenditure	33	12	12		

Source: County Treasury

Table 9: Expenditure by sectors FY 2024/25(Ksh. M')

VOTE	Recurrent			Development			Total		
	Actual	Target	% Absorption	Actual	Target	% Absorption	Actual	Target	% Absorption
COUNTY PUBLIC SERVICE BOARD	76	121	63	-	-	0	76	121	63
FINANCE & ECONOMIC PLANNING	5,190	5,871	88	316	190	166	5,507	6,061	91
PUBLIC SERVICE MANAGEMENT	1,596	2,032	79	46		0	1,642	2,032	81
AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	124	163	76			0	124	163	76
COUNTY ASSEMBLY	1,622	2,435	67	136	204	66	1,758	2,639	67
ENVIROMENT,WATER,ENERGY & NATURAL RESOURCES	4,357	4,738	92	645	474	136	5,002	5,212	96
WARD DEVELOPMENT PROGRAMMES	14	89	15	791	900	88	805	989	81
EMERGENCY FUND	236	250	94			0	236	250	94
LIQOUR LICENSING BOARD	306	332	92	3	57	5	309	389	79
BOROUGHES AND PUBLIC ADMINISTRATION	3,918	4,871	80	337	171	198	4,255	5,042	84
COUNTY ATTORNEY	514	302	171	86	8	1071	600	310	194
INNOVATION AND DIGITAL ECONOMY	144	224	64	25		0	170	224	76
HEALTH WELLNESS & NUTRITION	7,808	8,968	87	110	108	102	7,918	9,076	87
BUILT ENVIROMENT & URBAN PLANNING	455	660	69	372	1,248	30	827	1,908	43
MOBILITY AND WORKS	1,075	1,194	90	646	795	81	1,721	1,989	87
TALENT SKILLS DEVT & CARE	1,194	2,145	56	315	176	179	1,510	2,321	65
BUSINESS & HUSTLER OPPORTUNITIES	577	698	83	251	610	41	828	1,308	63
INCLUSIVITY PUBLIC PARTICIPATION,& CITIZEN ENGAGEMENT	164	344	48	12		0	176	344	51
NAIROBI REVENUE AUTHORITY	61	128	48			0	61	128	48
TOTAL	29,433	35,565	83	4,090	4,940	83	33,523	40,504	83

Source: County Treasury

4.5.2 Budget Absorption

98. The expenditure analysis for FY 2024/2025 shows an overall absorption rate of 83%, with total actual expenditure standing at 33.52 billion against a target of 40.50 billion. Recurrent expenditure achieved 83% absorption, with sectors like County Attorney (194%), Environment, Water, Energy and Natural Resources (96%) and Finance and Economic Planning (91%) leading in utilization.

Development expenditure also recorded a high absorption rate of 83%, with most sectors meeting their targets. Notable over performers include County Attorney, Boroughs and Public Administration, and Talent, Skills Development and Care. This indicates a great improvement in implementing development projects.

Figure 9: Recurrent expenditure by sectors 2024/2025

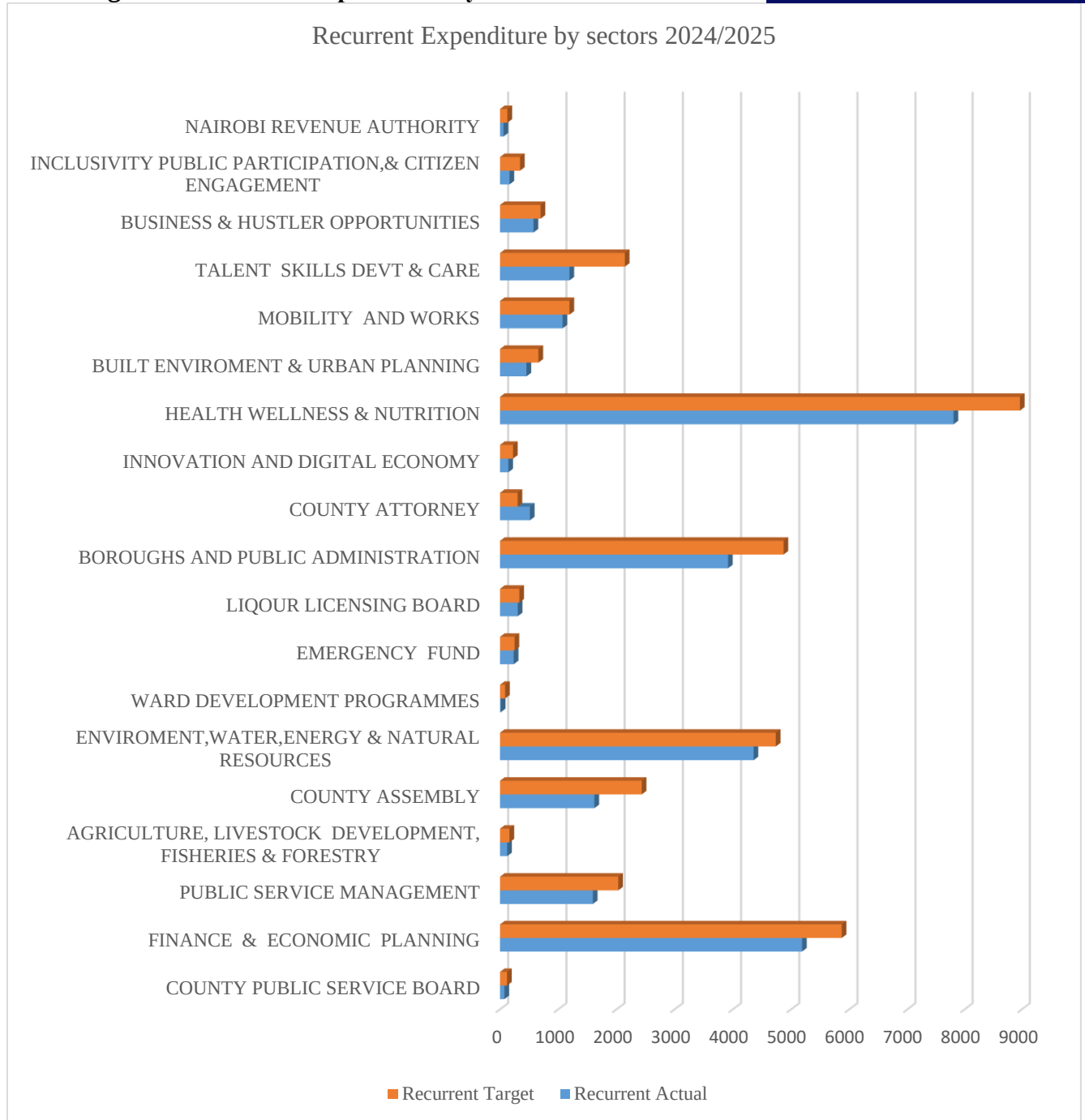


Figure 10: Development expenditure by sectors 2024/25

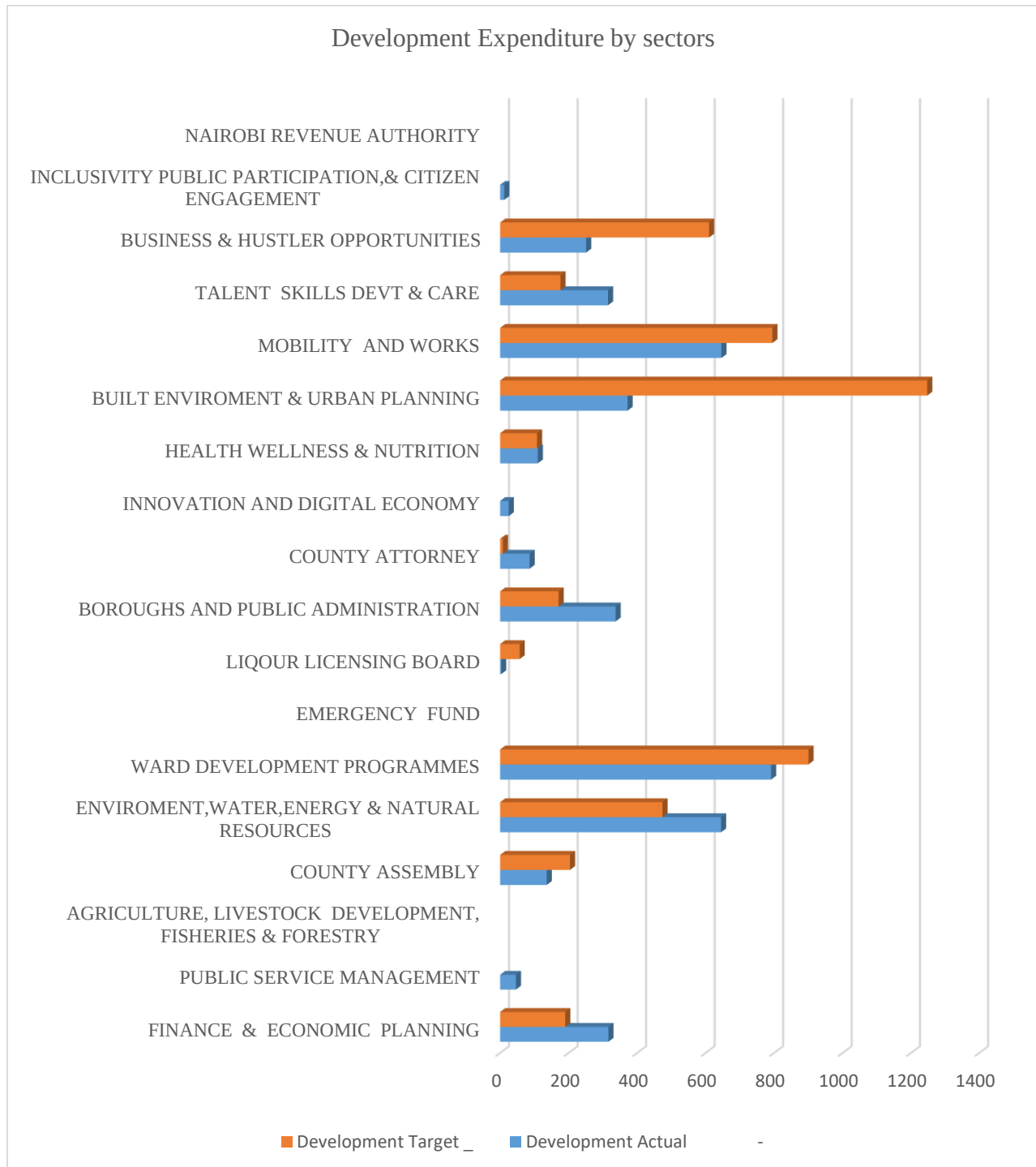


Figure 11: Total expenditure per sector

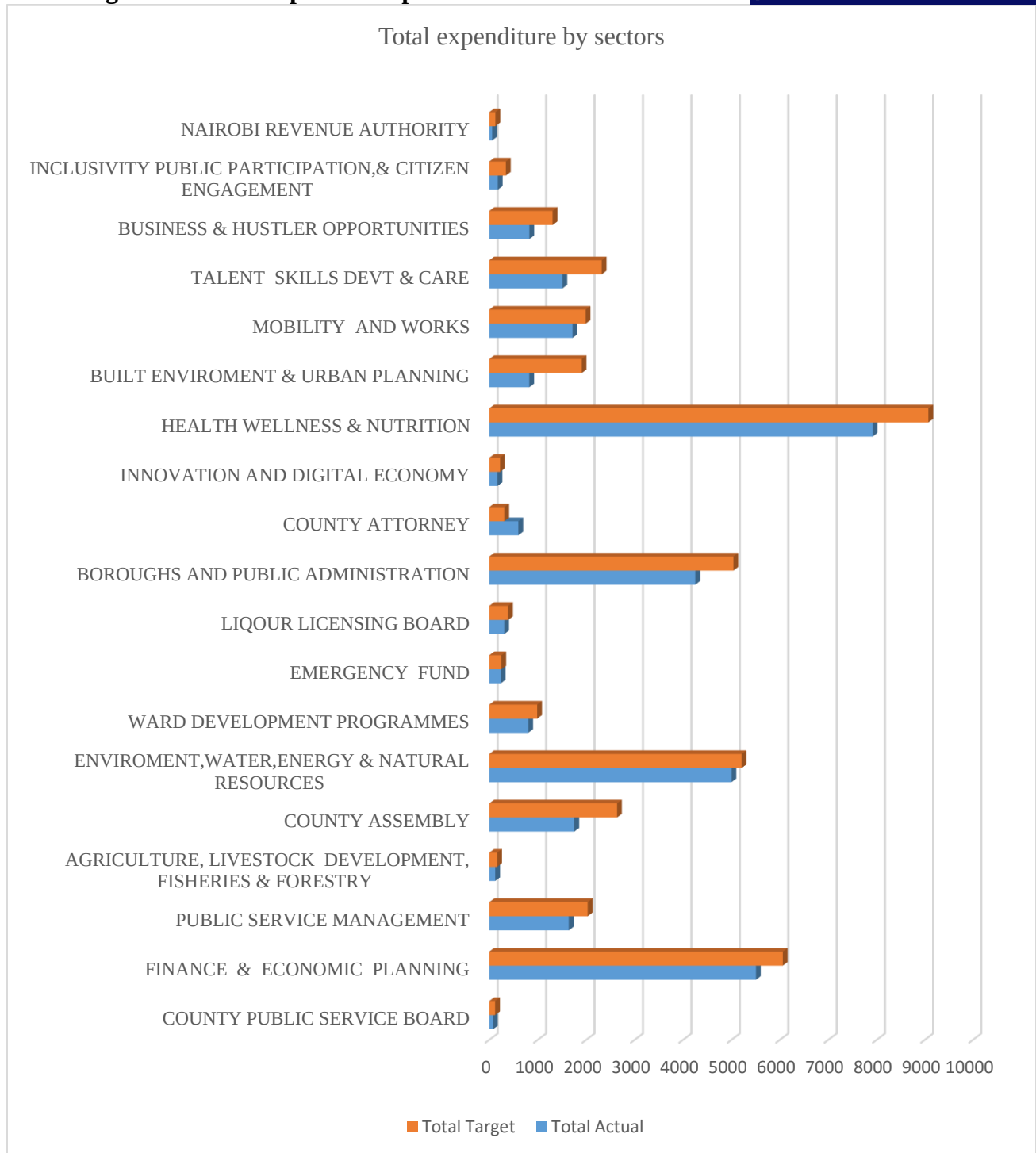


Table 10: Expenditure 2024/25 by broad categories (In Ksh. M's)

	Approved Estimates FY 2023/24	Target Estimates FY 2024/25	Actual Expenditure FY 2024/25	Variance	Performance
Recurrent					
Transfer to County Assembly	2,024.00	2,380.00	1,858.84	-521.16	78
Liquor Board Expenses	220.57	230.00	229.26	-0.74	100
Wages and Salary	15,397.24	18,340.23	17,419.32	-920.91	95
Operations and Management	10,673.79	12,881.82	9,013.18	-3,868.65	70
Total Recurrent	28,315.60	33,832.05	28,520.60	-5,311.45	84
Development					
Transfer to County Assembly	1,215.00	300.00	86.17	-213.83	29
Liquor Licensing Board	70.00	70.00	40.21	-29.79	57
Other Development	12,729.65	8,084.89	3,142.15	-4,942.74	39
Total Development	14,014.65	8,454.89	3,268.53	-5,186.36	39
Total Expenditure	42,330.25	42,286.94	31,789.13	-10,497.80	75

99. The expenditure summary for FY 2024/2025 reveals a total expenditure target of 42.29 billion against actuals of 31.79 billion, reflecting a deviation of 10.4 billion and an absorption rate of 75%. Recurrent expenditure, comprising wages, operations, and transfers, accounted for 33.83 billion, with an absorption rate of 84% and notable deviations in operations and maintenance (-3.87 billion) and transfers to the County Assembly (521 Million). Development expenditure faced significant underperformance, with actuals of 3.27 billion against a target of 8.45 billion, resulting in a 5.19 billion shortfalls and an absorption rate of only 39%.

4.5.3 Expenditure Performance Mid 2025/26

100. The sectoral expenditure summary for FY 2025/2026, as of December 2025, highlights varying absorption rates across recurrent and development budgets. Overall, sectors such as the Public Service Management (66.6%), Environment, Water, Energy & Natural Resources (59.12%), and Health, Wellness and Nutrition (47.73%) showed relatively higher utilization of allocated funds in recurrent utilization but minimal development spending. However, development expenditures remained underutilized, with sectors like Mobility and Works (2.5%), and the County Assembly (3.21%) recording minimal absorption rates. This trend reflects disparities in resource utilization, with some sectors struggling to meet their annual targets, particularly in development programs, despite substantial allocations.

Table 11: Expenditure by sectors FY 2025/26 as at December 2025(Ksh. M)

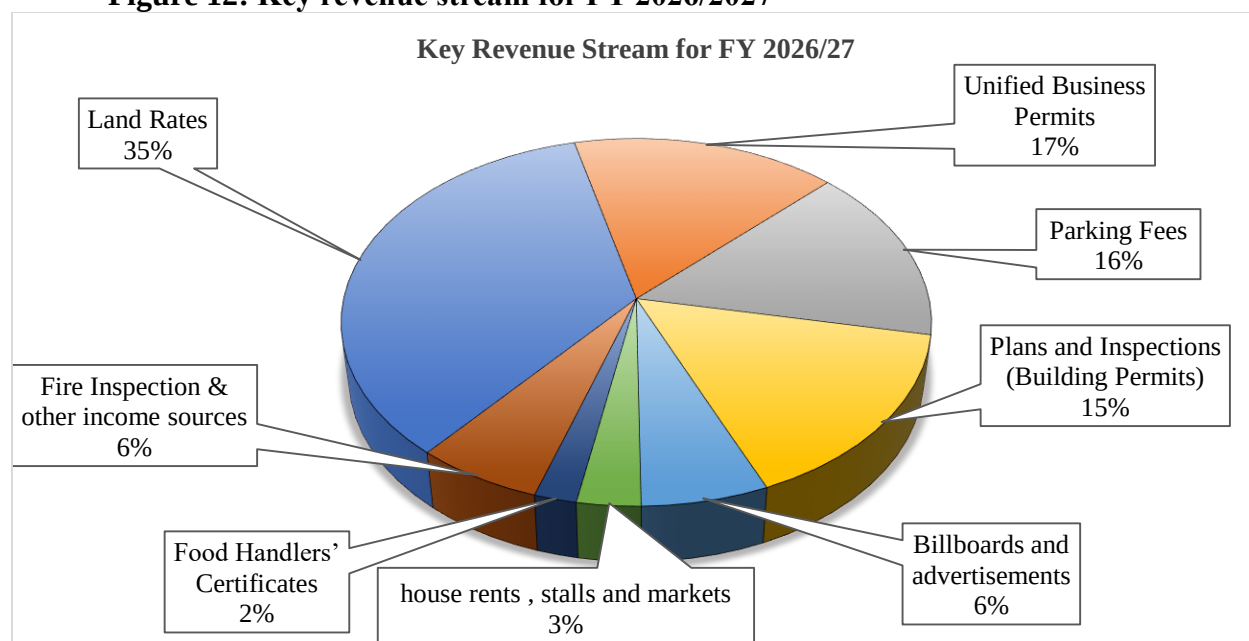
	Recurrent			Development			Total		
	Actual	Annual Target	% Absorption	Actual	Annual Target	% Absorption	Actual	Annual Target	% Absorption
County Public Service Board	24.5	119.2	20.6	-	-	-	24.5	119.2	20.6
Finance and Economic Planning	1527.0	4480.5	34.1	117.8	1207.0	9.8	1644.8	5687.5	28.9
Public Service Management	950.7	1427.5	66.6	-	10.0	-	950.7	1437.5	66.1
Agriculture, Livestock Development and Fisheries	109.6	238.2	46.0	-	85.0	-	109.6	323.2	33.9
County Assembly	482.5	1638.9	29.4	32.2	1000.0	3.2	514.7	2638.9	19.5
Water, Energy, Environment, Forestry and Natural Resources	1576.8	2667.0	59.1	114.8	845.0	13.6	1691.5	3512.0	48.2
Ward Development Programme	3.4	88.1	3.8	232.1	2155.0	10.8	235.4	2243.1	10.5
Emergency Fund	117.0	150.0	78.0	-	-	-	117.0	150.0	78.0
Liquor Licensing Board	49.2	299.0	16.5	-	101.0	-	49.2	400.0	12.3
Boroughs and Public Administration	1892.8	4106.0	46.1	-	1280.3	-	1892.8	5386.3	35.1
County Attorney	222.6	636.3	35.0	-	15.0	-	222.6	651.3	34.2
Innovation and Digital Economy	59.8	196.3	30.5	-	258.6	-	59.8	454.9	13.1
Health, Wellness & Nutrition	4609.5	9656.3	47.7	-	849.5	-	4609.5	10505.8	43.9
Built, Environment & Planning	223.6	531.1	42.1	-	579.1	-	223.6	1110.2	20.1
Mobility and Works	429.3	1589.2	27.0	70.7	2824.3	2.5	500.0	4413.5	11.3
Talent Skills Development and Care	736.1	2237.7	32.9	-	1236.0	-	736.1	3473.7	21.2
Business & Hustler Opportunities	268.4	620.3	43.3	-	805.3	-	268.4	1425.5	18.8
Inclusivity Public Participation and Citizen Engagement	71.2	314.8	22.6	-	141.6	-	71.2	456.4	15.6
Nairobi Revenue Authority	1.3	206.8	0.6	-	25.0	-	1.3	231.8	0.6
Total Net Expenditure	13355	31203	42.8	567.5	13418	4.2	13923	44621	31.2

4.6: Revenue Outlook Over Medium Term (Revenue Components)

4.6.1 Own Source Revenue Composition

101. The County budget is financed through two primary sources: internal (Own Source Revenue) and external revenues, comprising transfers from the National Government and other conditional/unconditional grants. Historically, external revenues have consistently exceeded internally generated revenues. Over the medium term, the County will implement aggressive revenue mobilization strategies to strengthen own source revenue performance while leveraging alternative financing mechanisms to bridge the fiscal gap. Based on the projected revenue composition, Land Rates remains the dominant internal revenue source, contributing 34 percent, followed by Unified Business Permits (16 percent), Parking Fees (15 percent), and Plans and Inspections (Building Permits) at 15 percent. Billboards and advertisements will contribute 6 percent, while house rents and stalls and markets each account for 3 percent. Food Handlers' Certificates contribute 2 percent, with Fire Inspection Certificates recording negligible collections, and other income sources collectively accounting for 6 percent of Own Source Revenue.

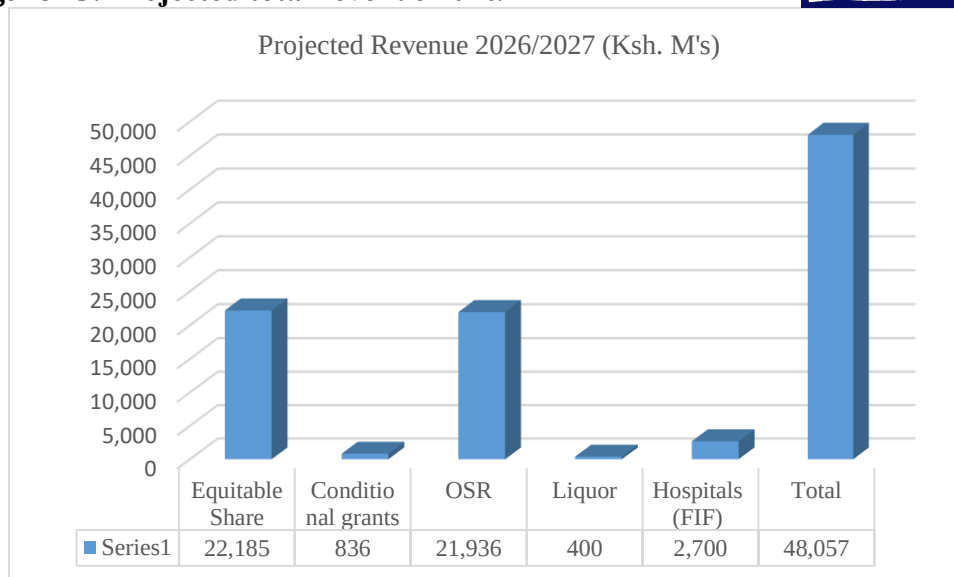
Figure 12: Key revenue stream for FY 2026/27



4.6.2 Resource Projection for FY 2026/27

102. The resource projection for FY 2026/27 is **Ksh.49.56B**. It is projected that a total of Ksh.21.936 Billion will be raised from own source revenue, Ksh.400 million from liquor fees, 2.7B from Hospitals /NFH and projected cash balances of Kshs. 1.5 B. The projected external revenue is Kshs 23.02 B comprised of Ksh.22.19 Billion from Equitable share and Ksh. 0.836 B from other grants.

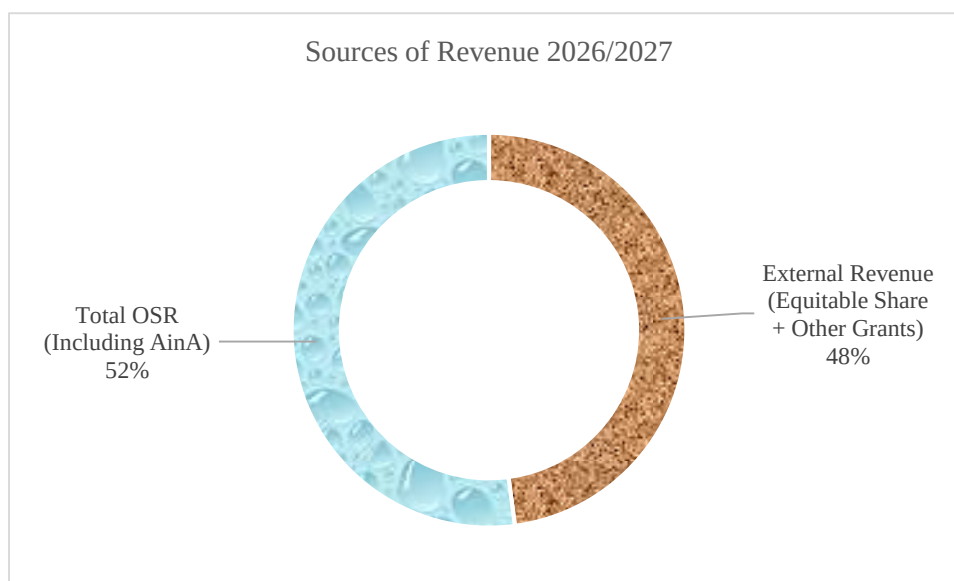
Figure 13: Projected total revenue 2026/27



Source: County Treasury

103. Historically, the contribution of external revenue to the total revenue has predominantly higher than own source revenue. This has seen a slight change in the FY 2026/27. To meet the own source revenue targets, it will require robust revenue mobilization strategies to specific revenue streams. The own source revenue will constitute 54% of the total projections while external revenue will constitute 46% of the total revenue projections

Figure 14: Sources of Revenue for FY 2026/27



4.6.3 Revenue Raising Measures (OSR) Over the Medium Term

➤ Data collection

Collection of unified business permits data to maintain Ward Business Registers which is ongoing in all the Wards. This will increase our revenue by **Ksh.1 Billion** Current business- 200,000 biz

➤ Broadening tax base

- Parking fee exploring new areas not being collected with the assistance of the Sub-Counties and develop new parking in the sub-centers
- Increase the number of registered businesses in Nairobi-Estimated number of businesses in Nairobi County is 700,000 registered in our system is 220,000 to expand the tax base we need to reach out additional numbers and improve this to 350,000.
- Fast Track the bringing on board of new rate payers/properties arising from: Sectional titles, new grants, sub-divisions and change of use.

➤ Verification and Approval of UBP applications-

All UBP applications should be verified and approved by technical officers from Trade Licensing Department in order to:

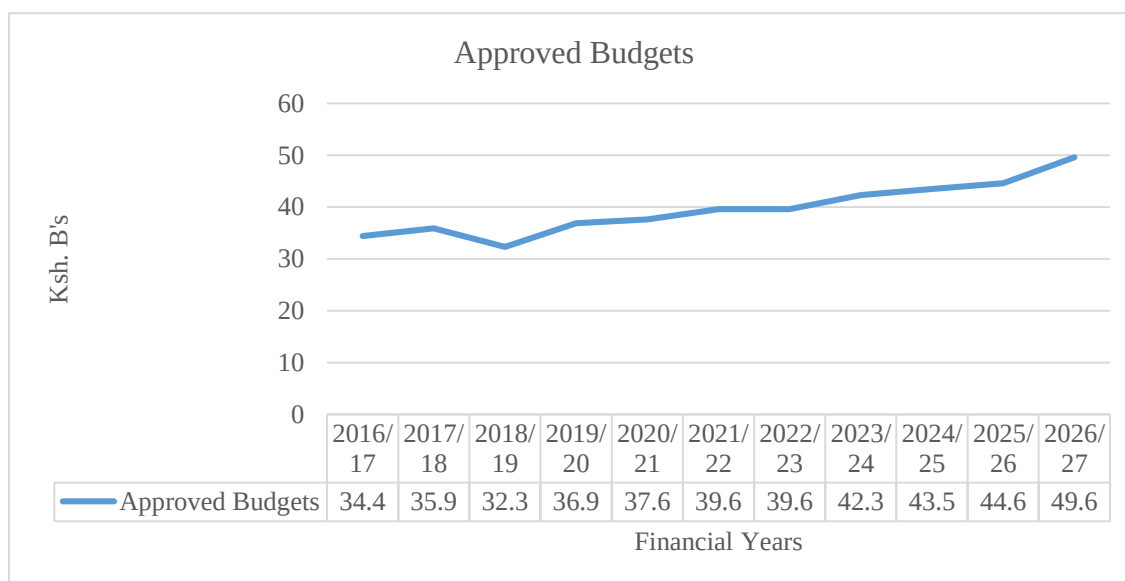
- Prevent People running illegal businesses from acquiring UBP
- Classify business activities in the right codes based on information provided by the applicant to prevent complaints arising out of lack of knowledge on coding.
- Prevent UBP undercharges for which the County has lost a lot of revenue (as per revenue reporting to date) i.e. Collected Ksh.124 million less for the last 7 months from 1st July 2025 to 26th January 2026.
- Roll out the compliance and enforcement app to enable business registration, invoicing, top-ups of undercharges, authentication of issued permits and monitoring performance of Officers on duty at Sub both the County and Ward levels.
- System to Geo-locate and have coordinates.
- Deployment of smart enforcement using vehicle mounted with digital enforcement bars
- Acquisition of enforcement tools (4No. breakdowns, 1No. flatbed truck, 1No. pick up and 1No. self-loading breakdown)
- Application of smart parking solutions to manage parking - Automation of County's off-street parking (Country Bus Station and Sunken Car Park), ponds and markets
 - Enhancement of close monitoring and evaluation- provision of system rights to designated officers
 - Digitize all market parking slots

- CILORS-Target collection from non-compliant government Departments and Agencies
Have dedicated officers dealing with specific government Assign dedicated officers to liaise with specific government departments, scheduling regular meetings to address arrears.
- Continuous updating of customers Data-Update mobile contacts, Emails, Postal addresses to facilitate mass communication to rate payers Implement an online self-update portal on NairobiPay for ratepayers to refresh their contact details securely.
- Regularization of buildings as per Nairobi City County Regularization of Unauthorized Developments Act, 2025-
- GIS- Use GIS in addition to the Zones to provide accurate property locations Link the current GIS system to NairobiPay to map out non-compliant Enhance GIS mapping by overlaying zonal data with satellite imagery for precise property identification.

4.7 Resource envelope

104. The approved budget for 2025/2026 is Ksh. 44.6B which is slightly higher than the previous approved budget. The projected budget for FY 2026/27 is Ksh.49.62 B reflecting an increase of 4.94 B (11.1 %) from the current year's approved budget (2025/26). Development expenditure constitutes Ksh15.7B of the total budget while recurrent expenditure is Ksh. 33.86B.

Figure 15: Previous approved budgets Vs 2026/27 projection



Source: County treasury

4.8 Resource Allocation Criteria 2026/27

105. In allocating resources to programmes, the following broad criteria will serve as a guide for allocating resources;

- a. ***Non-discretionary expenditure:*** Some expenditure cannot be avoided and will hence be given priority before allocation to all other needs. In this regard, salaries and wages, utilities, insurance, waste management and commission for revenue mobilization will be allocated sufficient resources before consideration of other expenditure areas. Priority and flagship programmes have been considered as non-discretionary expenditure.
- b. ***Ongoing Projects:*** Finalization of ongoing projects will be considered before new projects are brought on board.
- c. ***Allocation towards development and Counter-part funding:*** Fiscal responsibility principles require an allocation of not less than 30% towards development expenditure. Allocating resources for counterpart funding is a necessity for unlocking investment by donors. In this regard, the government will allocate sufficient resources to all projects with this conditionality.
- d. ***CIDP Priorities and public participation:*** The priorities identified in the CIDP 2023-2027, which are largely informed through the public participation process will guide on resource allocation to sectors. This is towards making the budget responsive to the actual felt needs of Nairobians. Public participation on the draft CFSP 2026 was conducted county wide and it largely informed the resource allocation to priorities in the final strategy paper.

4.9 Sector Priorities and Ceilings 2026/2027

a) Health wellness and nutrition

106. The health sector priorities focus on strengthening the entire health system to ensure equitable access to quality services. Central to this is the establishment of sufficient health infrastructure and modern medical equipment, alongside improving human resources for health through recruitment, training, and retention of skilled personnel. These investments are critical for expanding service delivery capacity, reducing congestion in facilities, and improving the quality and safety of care. Ensuring the continuous availability of essential health products, medicines, and appropriate technologies further supports effective diagnosis, treatment, and prevention of disease.

Equally important is strengthening health leadership and governance to enhance accountability, coordination, and policy implementation across the sector. Adequate and sustainable health financing underpins all interventions, enabling the county to meet recurrent and development needs while protecting households from catastrophic health expenditures. In addition, establishing robust health management information systems, monitoring and evaluation frameworks, and

promoting research and development will support evidence-based decision-making, improve performance tracking, and guide resource allocation to priority health needs. Together, these priorities aim to build a resilient, efficient, and people-centered health system.

To achieve this, the sector is allocated Ksh. 13.77B with a development of Ksh. 2.21 B and recurrent expenditure of Ksh. 11.6 B

b) Nairobi revenue Authority

107 Enhancing own source revenue collection is a key priority for strengthening financial sustainability and reducing overreliance on external funding. This involves improving revenue administration systems, expanding the revenue base, sealing leakages through automation and enforcement, and strengthening compliance among taxpayers and service users. Strong governance, transparency, and stakeholder engagement are essential to build public trust and ensure that collected revenues translate into improved service delivery.

Towards this the sector has been allocated Ksh. 325 M comprising Ksh. 75 M for development and Ksh. 250M recurrent expenditure.

c) Inclusivity, Public participation and Customer Service

108. The sector's priorities for the fiscal year 2026/2027 to strengthen public participation, civic engagement, and customer service by enhancing institutional frameworks, expanding digital platforms for engagement, and promoting regular civic education and feedback forums. Public communication will focus on adopting new communications trends that provide faster, accurate and real-time communication to enhance customer experience and strengthen capacity on protocol and stakeholder engagement to ensure efficient and citizen-centered service delivery.

In promoting culture, arts, and tourism, the County will safeguard cultural heritage through key projects such as the proposed Culture Village and review of the cultural policy, while advancing tourism development through product diversification, promotional activities, and finalization of a tourism policy and legal framework.

The County's priority in Gender and Disability is to strengthen the legal and policy framework that anchors gender and inclusion work, including the development and implementation of relevant regulations and guidelines. Awareness on the rights and needs of Persons with Disabilities will be enhanced through community sensitization forums, alongside improving services for children with special needs by establishing dedicated service units. The County will also prioritize the development of disability-friendly infrastructure to improve accessibility and mobility for PWDs.

To support implementation of the sector priorities, a total of Ksh. 390.17 M has been allocated of which Ksh. 116 M is for development and Ksh. 274.17 M for recurrent expenditure.

d) Boroughs and Sub-County Administration Priorities

109. The priorities for the Boroughs and Sub-County Administration for the 2026/2027 fiscal year focus on several key areas aimed at improving service delivery and community engagement. First and foremost, there will be an emphasis on the up scaling and decentralization of services to ensure that they reach the lowest subscribed levels within the community. This initiative is complemented by efforts to coordinate, supervise, and manage operations and resources effectively across boroughs, sub-counties, and wards. To foster greater community involvement, public participation forums will be organized to discuss the legal frameworks and policy documents that have been developed. Additionally, Capacity building and training programs will also be implemented to enhance the skills of personnel. Furthermore, creating a conducive work environment for officers is a priority, which will involve the construction and renovation of offices at the borough, sub-county, and ward levels. Finally, enhancing service delivery through improved coordination and liaison between various government agencies will be crucial in ensuring that services are efficiently provided to the community.

Accordingly, the sector has been allocated Ksh. 1.42 B, including Ksh. 476M for development and Ksh. 940M for recurrent expenditure.

e) Disaster Management & Coordination Priorities

110. The priorities for Disaster Management and Coordination for the 2026/2027 fiscal year are centered on enhancing the effectiveness of emergency response and building community resilience. A primary goal is to improve emergency response capabilities, ensuring that timely and efficient assistance is available during crises. To support this, there will be a focus on enhancing the capacity of responders and the community, equipping them with the necessary skills and resources to handle emergencies effectively. Strengthening prehospital emergency care is also a critical priority, as it plays a vital role in saving lives before patients reach medical facilities. Additionally, efforts will be made to enhance human resource capacity within disaster management teams, ensuring that personnel are well-trained and prepared for various scenarios. Strengthening coordination and communication among different stakeholders is essential for a unified response during emergencies, facilitating better information sharing and collaboration. Finally, promoting sustainability in disaster management practices will be emphasized, ensuring that strategies are not only effective in the short term but also viable for long-term resilience and preparedness.

In line with the outlined priorities, the sector's budget allocation amounts to Ksh. 710 M with Ksh. 267 M earmarked for development and Ksh. 443 M for recurrent expenditure.

f) Office of the Governor

111. The priorities for the Office of the Governor for the 2026/2027 fiscal year focus on fostering strong governance and effective administration to promote sustainable development and ensure quality service delivery.

To grow the proportion of external budget supply through deepening and expansion of alternative market and non -market-based financing instruments including preparation and structuring of asset backed financing instruments and strengthening pipelines for donor -funded programs.

A key objective is to enhance the Governor's communication identity, which will involve implementing timely, coherent, and citizen-centered communication strategies that leverage multiple channels to build public trust.

Establishing sound county intergovernmental linkages and policies is also a priority, as it is essential for fostering collaboration and coordination among various governmental entities. By reinforcing these communication and governance frameworks.

The Office of the Governor aims to create a transparent and accountable administration that effectively meets the needs of the community while driving sustainable growth and development.

To facilitate delivery of the planned programmes, the sector is allocated Ksh. 366 M for recurrent expenditure.

g) Office of the County Secretary Priorities

112. The priorities for the Office of the County Secretary for the 2026/2027 fiscal year focus on enhancing the work environment at City Hall, both main and annex, through improvements in ambience and infrastructure. Key initiatives include capacity building, boosting employee morale, and improving service delivery. Additionally, refurbishment projects will target the committee room, while creating more office spaces through partitioning and furnishing.

The sector has been allocated Ksh. 502 M of which Ksh. 185M is for development and Ksh. 317 M is for recurrent expenditure.

h) Audit Services Priorities.

113. The priorities for Audit Services in the 2026/2027 fiscal year center on delivering independent and objective assurance and advisory services aimed at enhancing county operations. By focusing on transparency and accountability, the audit team seeks to identify areas for improvement, ensuring that resources are utilized effectively and efficiently. This commitment to providing

thorough evaluations and recommendations will play a crucial role in strengthening surveillance and operational performance within the county, ultimately contributing to better service delivery and public trust.

To finance the sector's programmes and activities, a total allocation of Ksh. 78.66 M has been provided, comprising Ksh. 2M for development and Ksh. 76.6 for recurrent expenditure.

i) Office of the County Attorney

114. The priorities of the office County Attorney is centered on strengthening legal governance, protecting county interests, and ensuring compliance across all county operations. A key priority is legislative Affairs, which includes offering advisory opinions on legislative matters, guiding the development of county policies, drafting and reviewing laws, regulations, and guidelines and publishing statutory instruments. The office County Attorney also prioritizes effective civil litigation and alternative dispute resolution by representing the County Executive in courts and tribunals, managing legal documentation, promoting out-of-court settlements, and advising sectors on ongoing court matters. Another major focus is county transactions, where the office provides legal guidance on procurement and contract management, prepares MOUs, manages conveyancing instruments, undertakes legal due diligence for PPPs, joint ventures, bonds, and infrastructure projects, and advises on county land matters. Additionally, the County Attorney emphasizes legal research and compliance through offering legal opinions, conducting legal research, guiding constitutional governance, identifying legal and regulatory risks, and carrying out legal audits and compliance surveys. Finally, the office prioritizes efficient legal service delivery by supporting county sectors, coordinating legal instructions, offering preliminary legal advice, conducting sector-based legal audits, and collaborating with relevant sectors to assist in the prosecution of county cases, thereby promoting accountability, efficiency, and the rule of law within the county.

Consequently, the sector has been allocated Ksh. 531.6 M, including Ksh. 12 M for development initiatives and Ksh. 519.6 M for recurrent expenditure.

j) Security and safety management

115. The sector's priorities are to ensure compliance with county laws and relevant sectors, strengthen the detection, investigation and prosecution of criminal activities related to the county, and enhance security services for county VIPs, institutions and installations.

The sector's programmes will be funded through an allocation of Ksh. 2.69 B with Ksh. 121 M for development and Ksh. 2.57 for recurrent expenditure.

k) Public Service Management (PSM) priorities

116. PSM focuses on strengthening the capacity and productivity of the county workforce by ensuring the staffing of highly skilled and competent employees and improving employee performance through innovative human resource programs. These include coaching and mentoring, leadership development, performance management, reward management, and talent management to motivate and retain staff. PSM also prioritizes the provision of a conducive and safe work environment by addressing workplace stress, complying with OSHA and WIBA requirements, and mainstreaming relevant policies. In addition, it emphasizes employee welfare through access to comprehensive medical insurance, healthcare services, and employee assistance programmes aimed at promoting staff wellbeing, productivity, and harmonious industrial relations.

In order to operationalize the sector mandate, an allocation of Ksh. 1.3B has been provided comprising Ksh. 8 M for development and Ksh. 1.31 B for recurrent expenditure.

l) County Public Service Board (CPSB) priorities

117. CPSB will focus on effective human resource governance through transparent and merit-based recruitment processes to address staffing gaps and enhance service delivery across county departments. The Board prioritizes the management of promotions, appeals, and career progression to motivate staff and ensure fairness and compliance with public service regulations. CPSB also focuses on strengthening institutional capacity through training, induction, and board operations, while ensuring adherence to legal and policy frameworks governing human resource management. Overall, its mandate is to uphold professionalism, equity, accountability, and efficiency in the management of county public service human capital.

To ensure effective implementation of planned activities, the sector has been allocated Ksh. 192 M with Ksh. 42 M for development and Ksh. 150 M for recurrent expenditure.

m) Talent, skills development and care

118. The Talent, Skills Development, and Care Sector Priorities for 2026 aim to enhance access and retention in quality Early Childhood Development and Education (ECDE) while improving transition and retention rates in Basic Education and tertiary institutions. Additionally, there is a focus on increasing access to quality Vocational Training and Education, fostering stronger linkages to industry for trainees, and addressing critical social issues such as reducing cases of violent extremism and substance abuse among Nairobi residents. The welfare of vulnerable and at-risk children, as well as the elderly, will be prioritized, alongside initiatives to promote socio-economic empowerment programs and services that empower youth and increase their participation in governance and various socio-economic domains.

Moreover, the development and promotion of sporting activities and talents will be emphasized to engage the community and county staff positively through Kenya Inter-County Sports & Cultural Association (KICOSCA), East Africa Local Authorities Sports and Cultural Association (EALASCA) and Kenya Youth Inter-County Sports Association (KYISA). Access to library services and recreational facilities will also be improved to support lifelong learning and well-being among residents. These priorities collectively aim to create a more inclusive and supportive environment that fosters growth, safety, and empowerment for all members of society in Nairobi.

The sector is financed through a total allocation of Ksh. 3.39 B consisting of Ksh. 1.02 B for development and Ksh. 2.38 B for recurrent expenditure.

n) Business hustler and opportunities

119. The sector priorities are to focus on developing and managing adequate trading spaces through market construction, renovation, supervision, and policy implementation while promoting fair trade and consumer protection through effective weights and measures enforcement and business licensing. Emphasis is placed on creating a conducive environment for trade, industrial investment and MSME growth by supporting access to technology, finance, skills development, and strong market linkages guided by clear county policies. The sector also prioritizes strengthening co-operatives through registration, inspections, audits, training, and revival of dormant societies to enhance transparency, accountability, and revenue. In addition, regulation and oversight of gaming, betting, lotteries, and liquor licensing will be strengthened through licensing, enforcement, public awareness, inter-agency collaboration, and policy development to ensure compliance, public safety, and responsible business practices.

For the delivery of sector outputs, an allocation of Ksh. 1.75 B has been provided, of which Ksh. 911 M is for development and Ksh. 837.2 M for recurrent expenditure

o) Finance and economic planning

120. The Finance Sector aims to implement various initiatives. These include development and dissemination of the County Asset and Liabilities Management Policy, the creation of a county assets registers following National Treasury-approved guidelines and templates, and the tagging of all county assets by the help of Asset Management Software.

The Finance Sector will also institutionalize and implement the Public Investment Management which is key in streamlining the management of public investments. This supports the entire PIM process, from project identification, planning to execution, monitoring, reporting, and closure.

The Economic planning sector is also in the process of formulating Vision 2050 which will provide a clear long term direction for sustainable urban development, Economic growth and improved

quality lives for Nairobians. The Subsector will also institutionalize and implement Public-Private Partnership to help bridge funding gaps and improve efficiency in development projects.

Additionally, the Sector places emphasis on addressing pending bills through Debt strategy paper, with key emphasis on debt reconciliation and negotiation in accordance with the alternative dispute resolutions within the legal framework. Development Purpose borrowing, embracing Public Private Partnership (PPP) to bridge the capital gap, ensuring compliance with annual procurement plans, continuous data cleaning and validation, seeking approval to write off bad debt through approvals by the County Executive and most importantly enhancing vigorous revenue mobilization mechanisms by the revenue unit and sub county- level to ensure efficiency and accountability.

Further, the County Treasury shall adopt other strategies towards County debt sustainability mostly negotiating with key creditors: in reconciling outstanding liabilities, including statutory deductions (Laptrust, Lapfund, and NSSF), tax arrears owed to Kenya Revenue Authority and overdue electricity bills payable to Kenya Power & Lighting Co.

The Sector will also prioritize adherence to statutory requirements and IFRS compliance in preparing necessary plans and reports for Nairobi County Government. The sector is also geared towards a full rollover of e-GP procurement as per the recent directive by the National Government.

In this regard, the sector has been allocated Ksh.3.86 B, with Ksh.949 M dedicated to development and Ksh.2.91 B to recurrent expenditure.

p) Innovation and digital economy

121. The IDE sector prioritizes on using technology and innovation to improve service delivery and support development in Nairobi City County. It aims to make county services faster, easier, and more accessible to residents through digital systems. The sector works on building strong ICT infrastructure and secure networks to allow better communication, information sharing, and decision-making. Protecting county data and ensuring all digital services are safe and reliable is also a key priority. The sector encourages the growth of startups, digital businesses, and online learning to create new opportunities and support economic growth. It also promotes innovation and the use of modern technology to solve problems and improve efficiency in government operations. By adopting smart solutions, the sector seeks to make government services more transparent, accountable, and responsive. Generally, the IDE sector aims to create a secure, efficient and innovative digital environment that benefits both the county government and the residents of Nairobi.

The sector's activities are supported by an allocation of Ksh. 538 M with Ksh. 220 M for development and Ksh. 318 M for recurrent expenditure.

q) Built environment and urban planning

Urban Development and Planning

122. During the financial year 2026/2027, under the Urban Planning and Development subsector, the sector aims to enhance coordinated urban development by promoting and guiding physical development within the city to achieve order, efficiency, aesthetics, and environmental sustainability.

To realize this objective, the subsector plans to develop five Local Physical and Land Use Development Plans, prepare a GIS-based County Spatial Plan, and formulate urban planning policies addressing emerging issues such as petrol stations, short-term rentals (Airbnb), hotels, and related developments. The subsector will also focus on resolving disputes arising from planning decisions.

In addition, it will undertake stakeholder consultative engagements across all the 17 sub counties, establish an urban planning resource center, develop an urban design and public spaces management policy tool, regularize unauthorized developments, and strengthen compliance with planning regulations to promote safer and more orderly neighborhoods.

Lands

The Lands subsector aims to provide efficient, transparent, and accessible land services to residents across Nairobi County. This will be achieved by enhancing title surveys for properties developed within county schemes, conducting infrastructure and topographical surveys, and fully implementing the new valuation roll.

The subsector will also value all county land assets to establish their market values and conduct public awareness forums across all the 17 sub counties to educate property owners on the importance of inclusion in the county valuation roll. Further initiatives include expanding GIS coverage, improving and integrating land ownership records management systems, and enhancing security of tenure by preparing new grant leases, processing changes of user, and ensuring the extension and renewal of subleases at a target rate of 100 percent.

Housing and Urban Renewal

During the financial year 2026/2027, the Housing and Urban Renewal subsector aims to provide adequate housing, improve living standards in informal settlements, and deliver efficient technical services. This will be achieved by increasing access to quality, affordable, and social housing for residents of Nairobi City, enhancing the quality and standards of construction works, and upgrading living conditions in informal settlements.

Key interventions include the renovation of 100 percent of housing units in targeted estates across Nairobi, construction of perimeter walls in county estates to enhance security, and development of a housing policy to address estate management issues such as garbage collection and allocation of newly constructed affordable housing units. The subsector also plans to improve infrastructure improvements in informal settlements and the development of low-cost housing within these areas will also be prioritized to create safer, healthier, and more dignified living environments for residents.

Towards this, the sector has been allocated Ksh. 1.09 B comprising Ksh. 475 M for development and Ksh. 614 M for recurrent expenditure.

r) Green Nairobi priorities

Environment

123. The Environment Programme seeks to promote environmental sustainability, public health, and climate resilience within the city through effective administration, environmental management, regulatory enforcement, and active public participation. Over the 2025/26–2028/29 planning period, the programme will focus on strengthening institutional capacity, improving urban cleanliness, enhancing green and recreational spaces, increasing compliance with environmental laws, promoting renewable energy, improving air quality, and building climate resilience. Budget allocations under the programme are aligned to targeted outputs and measurable outcomes to ensure efficient and accountable service delivery.

Water priorities

The Water Sector is a critical enabler of public health, economic productivity, environmental sustainability, and urban resilience within Nairobi City County. Over the medium-term period FY 2025/26–2028/29, the sector will focus on improving water availability, expanding access to safe drinking water, enhancing sanitation and sewerage coverage, promoting wastewater reuse, strengthening drought mitigation measures, and transitioning to green energy solutions.

To fund sector operations and capital investments, an allocation of Ksh. 4.434 B has been provided, of which Ksh. 769 M is for development and Ksh. 3.665B for recurrent expenditure.

Agriculture priorities

124. The Agriculture Sector plays a central role in enhancing food and nutrition security, improving public health outcomes, increasing household incomes, and strengthening urban resilience within Nairobi City County. Over the medium-term period FY 2025/26–2028/29, the sector will focus on strengthening institutional capacity and multi-sectoral partnerships, promoting sustainable crop, livestock and fisheries production, improving food safety and surveillance

systems, promoting food waste management and food recovery, expanding urban forestry and afforestation, and building a resilient and inclusive urban food system.

The sector has been allocated Ksh. 376 M, comprising Ksh. 170 M for development and Ksh. 306 M for recurrent expenditure.

s) Mobility and works

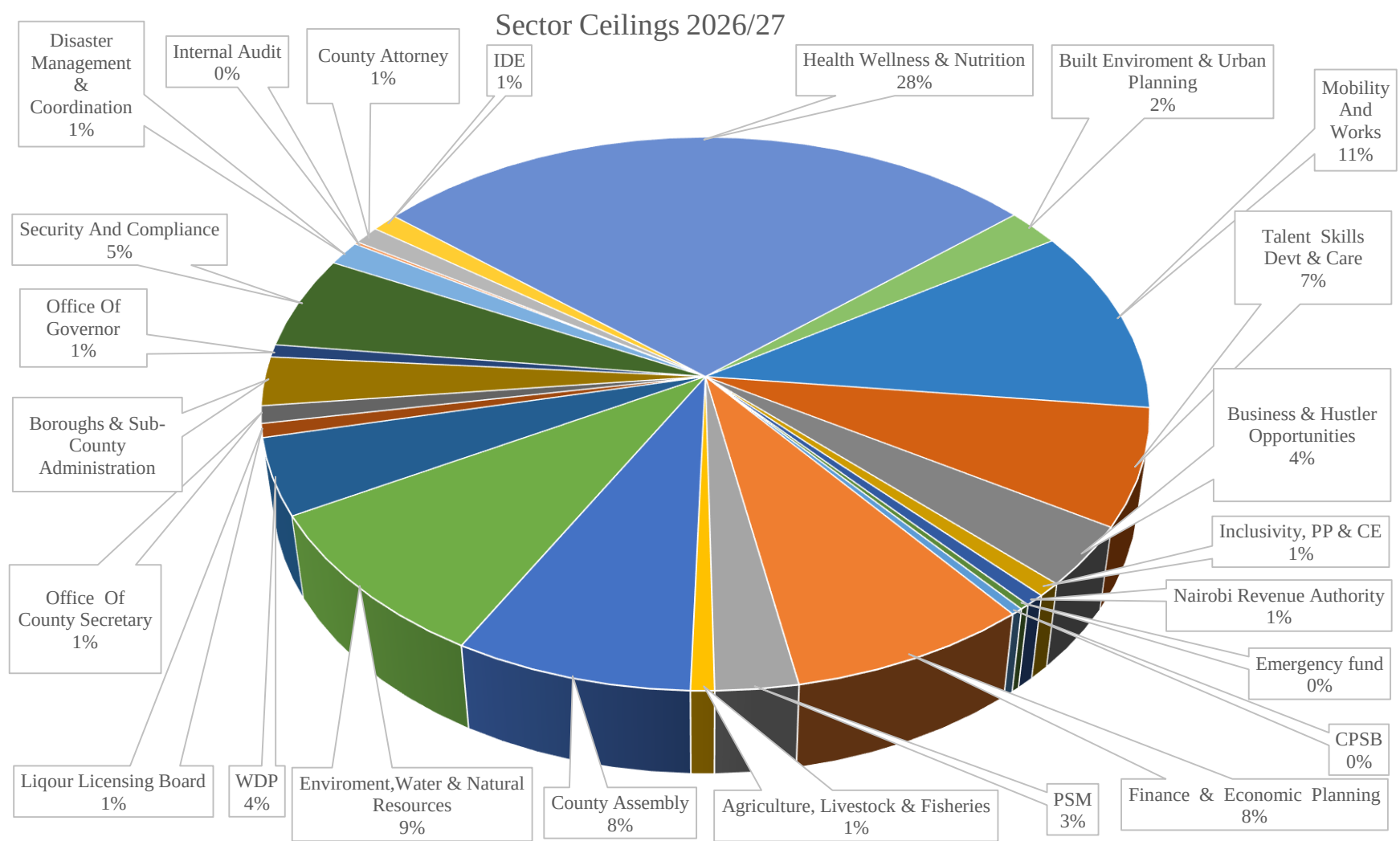
125. The proposed priorities focus on improving and maintaining Nairobi County's infrastructure and transport systems by completing stalled road and drainage projects, ensuring routine maintenance, and strengthening county fleet and plant management through automation, rehabilitation, and proper fueling. Emphasis is placed on expanding and maintaining street, security, and public lighting, as well as rehabilitating and maintaining county offices, workshops, and other facilities. The County also aims to facilitate private and public developments through efficient approvals, inspections, and the use of modern software and testing equipment. In addition, priorities include expanding access to transport through improved public transport systems such as BRT, enhancing road safety through audits and traffic calming measures, and reducing congestion by implementing traffic management systems, junction improvements, enforcement, and automated parking solutions.

The sector is financed through a total allocation of Ksh. 5.36 B, consisting of Ksh. 3.7 B for development and Ksh. 1.66 B for recurrent expenditure.

t) Ward development programme (WDP)

126. The Ward Development Programme (WDP) fulfills constitutional provisions (Article 186 and 207) by allocating a specific portion of the county's annual budget to the 85 wards for development purposes. The sector will prioritize completing ongoing projects (including rollovers from previous years), completing stalled projects and implementing ward-level priorities identified by each ward, and boosting development while reducing poverty at the ward level. Essentially, WDP aims to drive localized development and ensure funds directly benefit communities. The priorities aim at ensuring equal distribution of resources and physical infrastructure developments across County Wards.

To ensure effective implementation of planned activities, the sector has been allocated Ksh. 2.213B, with Ksh. 2.155 B for development and Ksh. 58 M for recurrent expenditure.



CHAPTER FIVE: FISCAL RESPONSIBILITY AND FISCAL RISKS

5.0 OVERVIEW

127. This chapter outlines the key fiscal risks that may affect the implementation of the Nairobi City County Fiscal Strategy Paper (CFSP) for the financial year 2026/27 and the medium-term period. It also presents mitigation measures aimed at safeguarding fiscal sustainability, improving budget credibility and ensuring the county meets its service delivery objectives in line with the Constitution of Kenya (2010), The public Finance Management (PFM) Act, 2012 and other relevant legal frameworks.

5.1 Fiscal Responsibility Principles

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

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

5.1.1 Adherence to the Fiscal Responsibility Principles

a) County Revenue vs. Recurrent Expenditure

129. The county has been adhering to this principle over the years by ensuring a balanced budget. This will be upheld in the financial year 2026/27 with a projected recurrent expenditure of Ksh.33.86B, which is much below the projected total revenue of Ksh.49.56B.

b) Allocation of 30% to Development Expenditure

130. Over the medium term a minimum of thirty percent of the county governments' budget shall be allocated to the development expenditure. The paper has proposed a thirty percent allocation towards development for the year 2026/2027 and over the medium term. The projected development expenditure for FY 2026/27 will be Ksh.15.70 Billion while recurrent expenditure will be Ksh.33.86 B. This translates to a ratio of development vs. recurrent at 31.6:68.4. In addition, the County government will continue to enforce austerity measures to ensure that recurrent expenditure is kept at the lowest level possible.

c) County Wages

131. Expenditure on wages and benefits for public officers is capped at 35 percent of total county revenue in accordance with the Public Finance Management (County Governments) Regulations, 2015. However, Nairobi City County's wage bill has consistently remained above this threshold, mainly due to the need to sustain adequate human resource capacity to deliver devolved services. For FY 2026/27, personnel emoluments are projected at Ksh.18.88 billion, accounting for 39.7 percent of the proposed budget, which exceeds the prescribed ceiling. The County is implementing medium-term measures to rationalize staffing levels, improve efficiency, and progressively reduce the wage bill as a proportion of total revenue while maintaining effective service delivery.

d) County Debts

132. The County's debt position has shown gradual improvement, with the total debt stock declining to Ksh.88.96 billion as at 30th June 2025 from Ksh.107.33 billion in FY 2022/2023 and Ksh.99.59 billion in FY 2023/2024, reflecting progress in debt clearance and strengthened fiscal discipline. Despite this improvement, the level of outstanding liabilities remains high and continues to constrain fiscal space and service delivery. This underscores the need for sustained implementation of prudent debt management measures, enhanced revenue mobilization, strict expenditure controls, and the use of alternative financing mechanisms to ensure long-term debt sustainability and support economic growth. In addition, the County will continue to leverage alternative financing mechanisms such as Public Private Partnerships (PPPs), borrowing, joint ventures, and grants to minimize pressure on the debt portfolio and ensure debt sustainability, in line with the PFM Act and the Medium-Term Debt Management Strategy.

5.2 Fiscal Risks and Mitigation

133. Fiscal out-turns often differ substantially from budget or other fiscal projections, owing to shocks such as deviations of economic growth from expectations, terms of trade shocks, natural disasters, calls on government guarantees, or unexpected legal claims on the county. In recognition of these uncertainties, the Nairobi City County Government continues to strengthen its fiscal risk management framework to ensure that emerging risks are identified, assessed, and managed in a

timely manner to safeguard the County's ability to meet its financial obligations. Annually, unforeseen expenditure pressures or revenue shortfalls may necessitate in-year adjustments, which are undertaken within established public finance management controls to preserve fiscal stability.

As the County consolidates progress in fiscal consolidation and expenditure rationalization, increased attention is being directed toward potential risks arising from contingent liabilities and off-balance-sheet exposures that may not be immediately reflected in headline fiscal indicators. To enhance fiscal transparency and sustainability, the County has progressively improved the identification, assessment, and disclosure of fiscal risks as part of its medium-term fiscal planning. Accordingly, the key fiscal risks identified and assessed in this CFSP include the following:

a) Inadequate Resources

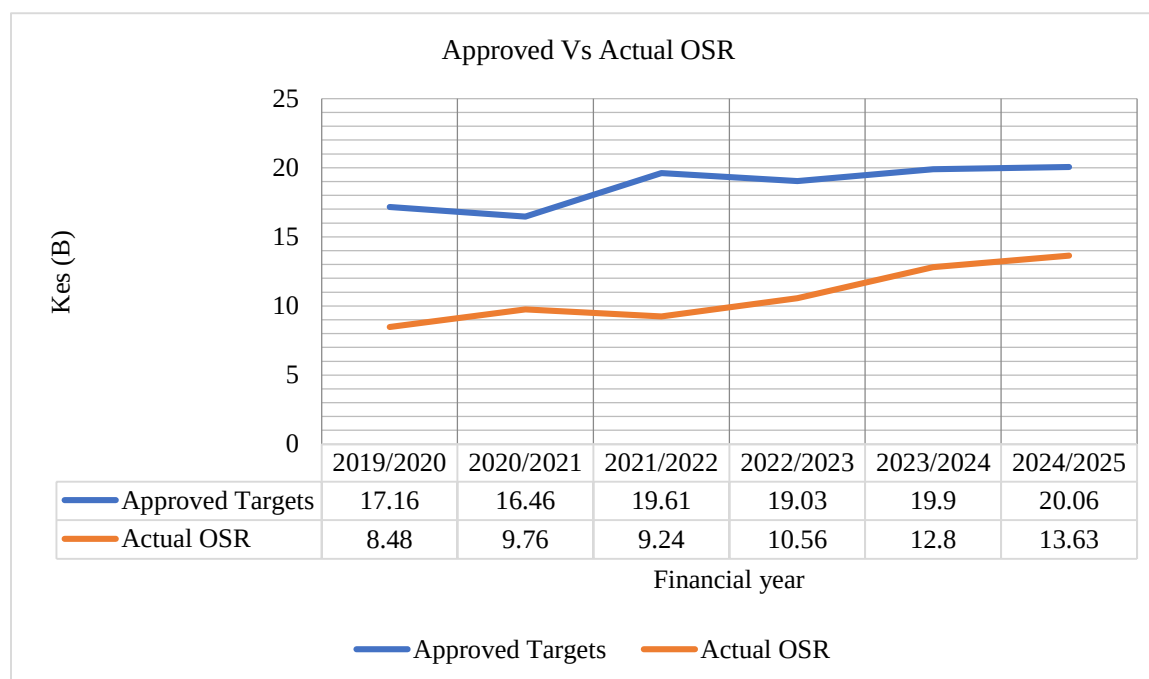
134. The County continues to experience inadequate resource availability to effectively discharge the fourteen functions devolved under the Constitution of Kenya, 2010. Over the years, approved budget ceilings have remained substantially below the sector resource requirements as set out in the Annual Development Plan (ADP), thereby constraining the implementation of identified priority programmes. For the FY under review, this Fiscal Strategy Paper proposes a total budget of Ksh.49.56 billion, which constitutes only 41.3 per cent of the estimated Ksh.120 billion required to fully implement all county priorities as articulated in the ADP. This financing gap is expected to persist over the medium term and is likely to adversely affect the attainment of planned outputs and outcomes under the CIDP 2023–2027.

b) Shortfall in Own Source Revenue

135. Shortfall in Own Source Revenue remains a key fiscal risk for Nairobi City County, as it directly affects the County's ability to finance planned expenditures and meet service delivery obligations. This risk arises from factors such as revenue leakages, low compliance levels, inefficiencies in revenue collection systems, legal and policy constraints, and slower-than expected economic activity. Over-reliance on a narrow revenue base and optimistic revenue projections further heighten the risk of underperformance.

Persistent OSR shortfalls can lead to budget execution challenges, accumulation of pending bills, constrained development spending, and increased dependence on intergovernmental transfers. Addressing this risk requires strengthening revenue administration, widening the revenue base, enhancing enforcement and compliance, and improving the accuracy of revenue forecasting within the CFSP 2026 framework.

Figure 16: Own Source Revenue Target versus Actuals



Source: County Treasury

Mitigation measures

In the medium term, Nairobi City County will implement measures aimed at expanding the revenue base and improving tax compliance through the integration of technology in revenue collection. Outstanding receivables will be actively pursued as a source of revenue, while capital financing options will be explored to support development programmes. The County will mobilize additional resources from both market-based and non-market financing instruments and ensure timely synchronization of the finance bill development and approval process with the budget cycle to avoid implementation delays.

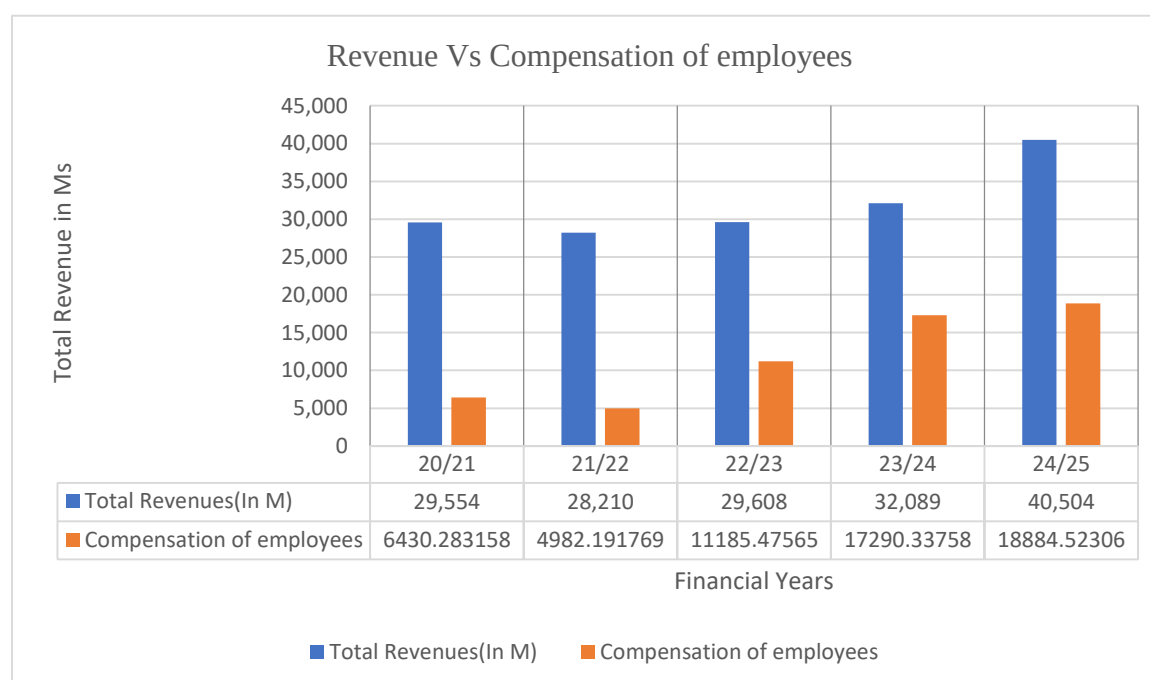
To ensure adequate financing for the implementation of County priorities, the County will also explore alternative financing mechanisms, including grants, issuance of green bonds, Public–Private Partnerships (PPPs), Joint Ventures (JVs), leasing arrangements, and enhanced technical cooperation and partnerships.

c) High Wage Bill vs. Revenue

136. Personnel Emoluments have remained elevated over recent financial years, consistently exceeding the statutory ceiling of 35 per cent of total revenue as prescribed under Section 25 (1-b) of the Public Finance Management (County Government) Regulations, 2015, thereby constraining the County’s fiscal space. In FY 2022/2023 and FY 2023/2024, the wage bill

remained significantly above the recommended threshold, reflecting sustained pressure on recurrent expenditure. However, a notable improvement was recorded in FY 2024/2025, with the personnel emoluments to revenue ratio declining from 53.9 per cent in FY 2023/2024 to 45.1 per cent, representing a 16.3 per cent reduction. While this downward trend signals progress in managing personnel costs, the wage bill remains above the statutory limit and continues to pose fiscal risks. These include reduced budgetary flexibility, limited resources for development and service delivery investments, heightened vulnerability to revenue shortfalls, and potential challenges in maintaining long-term fiscal sustainability. Sustaining and deepening the current adjustment path remains critical to restoring compliance and expanding fiscal space over the medium term.

Figure 17: County PE VS total revenue



Source: PSM NCCG

Mitigation

To address the high wage bill while safeguarding service delivery, the County Government will continue to implement a combination of expenditure rationalization and strategic human resource planning measures. Building on the observed decline in the personnel emoluments-to-revenue ratio in FY 2024/2025, the County will adopt targeted and needs-based recruitment, focusing on critical service delivery areas where clear resource availability exists and staffing gaps directly affect outcomes. Workforce optimization initiatives, including skills redeployment, succession planning, and controlled replacement of exiting staff, will be strengthened to enhance productivity without

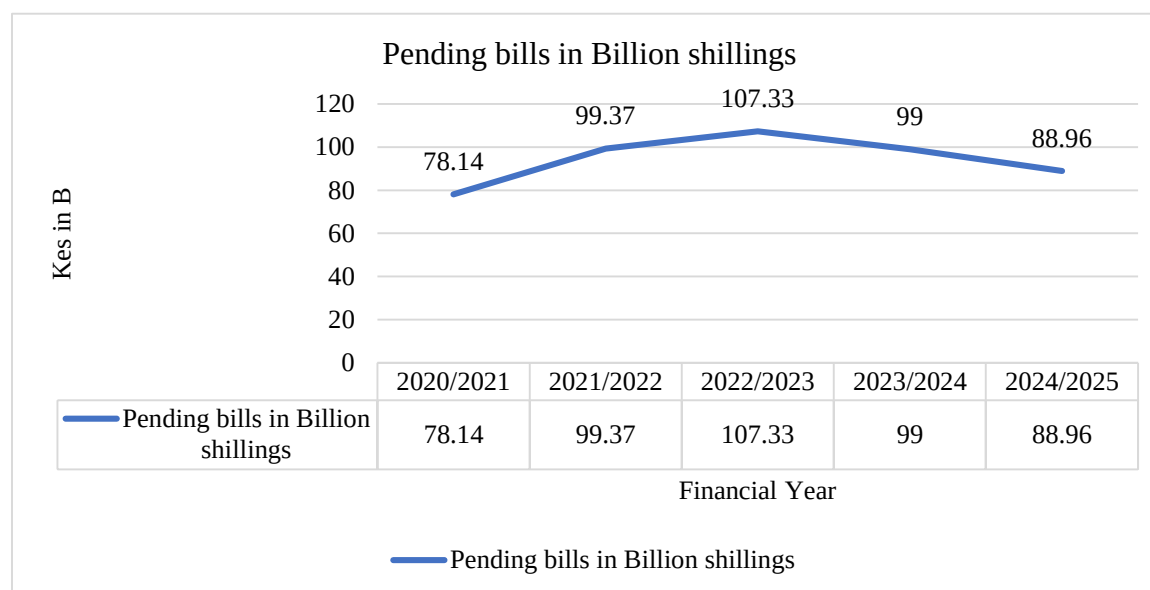
expanding the overall payroll. In addition, enhanced payroll controls, periodic staff audits and automation of human resource management systems will support accurate payroll management and prevent cost leakages. Over the medium term, sustained revenue growth, improved own-source revenue performance, and prudent budgeting will further reduce wage bill pressure, progressively aligning personnel costs with the statutory threshold and expanding fiscal space for development spending.

d) Pending Bills/Debt

137. Pending bills remain a key fiscal challenge for the Nairobi City County Government, posing risks to cash flow management, service delivery, and overall fiscal sustainability. The stock of pending bills increased from Ksh.78.14 billion in FY 2020/2021 to a peak of Ksh.107.33 billion in FY 2022/2023, highlighting persistent expenditure and financing pressures.

However, the County has recorded notable progress in reversing this trend. Pending bills declined to Ksh.99.00 billion in FY 2023/2024 (a 7.76 per cent reduction) and further to Ksh.88.96 billion in FY 2024/2025 (10.14% decrease). This downward trend reflects improved fiscal discipline and deliberate efforts to clear outstanding obligations. Nonetheless, the level of pending bills remains high, underscoring the need for sustained debt management, strengthened financial controls, and realistic budgeting to ensure long-term fiscal stability.

Figure 18: Pending bills trends



Source: Nairobi county Debt management Office

Mitigation

To mitigate the accumulation of pending bills and strengthen fiscal sustainability, the County Government will continue to enhance Public Investment Management (PIM) practices by prioritizing well-appraised, affordable, and implementation-ready projects to ensure alignment between development priorities and available resources. Expenditure commitments will be tightly controlled through adherence to approved budget ceilings and realistic revenue projections, ensuring that obligations are undertaken strictly within available cash limits. In parallel, strengthened cash-flow planning, supported by rolling forecasts and improved payment scheduling, will facilitate timely settlement of obligations and smoother budget execution. Collectively, these measures will support gradual reduction of pending bills, improve budget credibility, and reinforce long-term fiscal discipline.

e) Low Budget Absorption Capacity

138. Absorption capacity for development budget across sectors remained largely low over the period 2023/2024, 2024/2025. This is largely attributed to poor conceptualization of programs, inadequate capacity for technical designs and inefficient costing of projects. The procurement process, which operates within statutory requirements and multiple approval stages, also contributed to extended lead times before project execution could commence. As a result, some development projects experienced deferred commencement or phased implementation, leading to underutilization of allocated resources within the financial year. These factors collectively constrained absorption levels, underscoring the need for enhanced project preparation and early procurement planning to improve alignment between budgeting, procurement, and implementation cycles.

Mitigation

Customization and implementation of Public Investment Management will improve absorption towards development. In this regard, only projects that have gone through the preliminary processes (e.g. feasibility study) will be accommodated in the budget.

Secondly, there is need to upgrade technical capacities for design through further training and outsourcing, in order to improve flow and control of resources required for implementation of development programs. Other than the above, adequate and predictable cash flow will also mitigate this challenge.

ANNEX 1: FISCAL FRAMEWORK – 2026/2027 AND MEDIUM TERM (Ksh.)

		FY 2024/2025 ESTIMATES			APPROVED FY 2025/2026 Estimates	FY 2026/2027 Estimates	Projection 2027/2028	Projection 2028/2029
		Approved Estimates	Revised II					
	REVENUES & CASH BALANCES							
1	Equitable Share	20,855,390,632	20,179,390,632	21,685,009,954	21,417,000,000	22,185,009,954	22,335,560,253	23,005,627,060
2	Conditional Grants ¹	1,296,950,169	1,418,168,818	835,922,072	625,838,750	835,922,072		
3	Own Source Revenues To CRF	20,060,926,033	16,613,380,988	21,936,255,648	19,942,050,589	21,936,255,648	21,936,255,648	21,936,255,648
4	Liquor Board Revenue	351,000,000	389,000,000	400,000,000	400,000,000	400,000,000	500,000,000	600,000,000
5	Hospitals Facilities Improvement Fund & Nairobi Funeral Home			2,700,000,000	1,236,000,000	2,700,000,000	2,900,000,000	3,000,000,000
6	Cash Balances	1,000,000,000	1,904,553,513	-	1,000,000,000	1,500,000,000		
7	TOTAL RESOURCE ENVELOPE	43,564,266,834	40,504,493,951	47,557,187,674	44,620,889,339	49,557,187,674	47,671,815,901	48,541,882,708
8	EXPENDITURES							
9	RECURRENT							
10	Transfers to County Assembly	1,925,111,836	2,435,068,628	1,800,000,000	1,638,909,510	2,000,000,000	1,845,000,000	1,891,125,000
11	Liquor Board	294,000,000	332,000,000	280,000,000	299,000,000	280,000,000	350,000,000	420,000,000
12	County Executive	27,033,930,500	32,745,810,998	30,624,885,921	29,265,279,609	31,591,187,674	31,175,271,130	31,668,192,896
13	Total Recurrent	29,304,725,586	35,564,562,876	32,704,885,921	31,203,189,119	33,871,187,674	33,370,271,130	33,979,317,896
14	DEVELOPMENT							
15	Transfers to County Assembly	1,635,000,000	203,962,461	1,000,000,000	1,000,000,000	1,800,000,000	1,000,000,000	1,000,000,000
16	Liquor Board	57,000,000	57,000,000	120,000,000	101,000,000	120,000,000	150,000,000	180,000,000
17	County Executive	11,742,541,248	3,092,962,287	12,896,379,681	12,316,700,221	13,766,000,000	13,151,544,770	13,382,564,812
18	Total Development	14,259,541,248	4,939,931,075	14,016,379,681	13,417,700,221	13,896,000,000	14,301,544,770	14,562,564,812
19	Total Expenditures	43,564,266,834	40,504,493,951	46,721,265,602	44,620,889,340	49,557,187,674	47,671,815,901	48,541,882,708
20	Net Financing	-	0	-	-1	-	-	-
21	Development Ratio	33	12	30	30	31.7	30	30

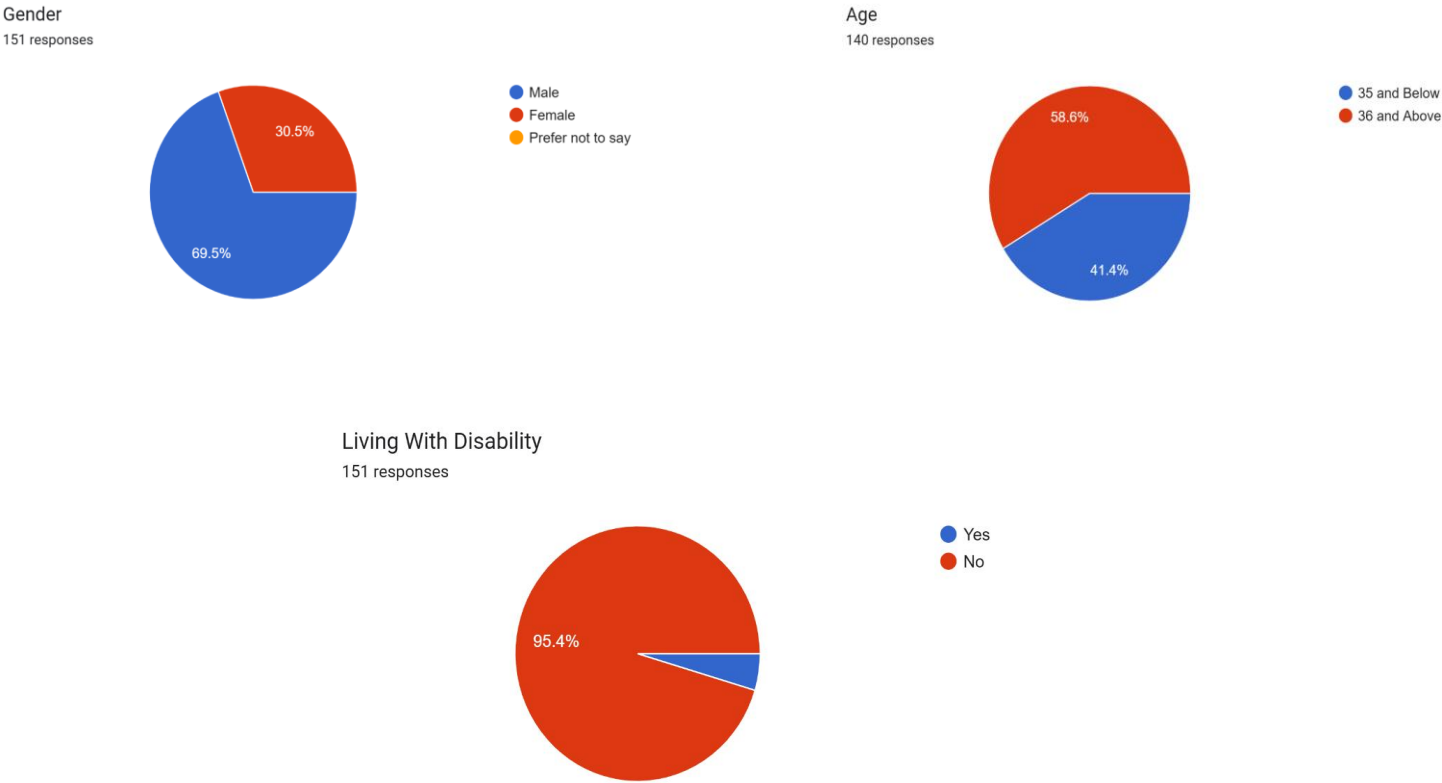
¹ Conditional Grants includes; Unconditional allocation to county governments from court fines and 20% share of mineral royalties of Ksh. 85.37 M, Conditional allocation for; community Health Promoters of Ksh. 224M, Establishment of County Aggregation and Industrial Parks of Ksh. 250M, Allocation from 0.5% of housing levy funds to the county rural and urban affordable housing committees of Ksh. 7.79M; Conditional allocations from loans or grants from development partners; International Development Association (IDA) of Ksh. 168.75 M and NAVCDP of Ksh. 100M; Totaling to Ksh. 835.9M. (As per the County Allocation of Revenue Bill 2026 and the County Governments Additional Allocations Bill 2026).

ANNEX II: SECTOR CEILINGS (Ksh. in Millions)

SCHEDULE II: COUNTY FISCAL STRATEGY PAPER 2026 -27 EXPENDITURE CEILINGS						
Vote	2025/26 APPROVED BUDGET			2026/27 FY CEILINGS		
	Recurrent	Development	Total	Recurrent	Development	Total
5311000000 COUNTY PUBLIC SERVICE BOARD	147	51	198	150	42	192
5314000000 FINANCE & ECONOMIC PLANNING	2,951	327	3,278	2,909	949	3,858
5320000000 PUBLIC SERVICE MANAGEMENT	1,999	170	2,169	1,314	8	1,322
5321000000 AGRICULTURE, LIVESTOCK DEVT, FISHERIES & FORESTRY	303	157	460	207	70	277
5323000000 ENVIROMENT,WATER,ENERGY & NATURAL RESOURCES	3,379	932	4,311	3,665	769	4,434
5325000000 WARD DEVELOPMENT PROGRAMMES	88	2,155	2,243	58	2,155	2,213
5326000000 :EMERGENCY FUND	150	-	150	150	-	150
5327000000; LIQOUR LICENSING BOARD	299	101	400	280	120	400
5329000100 Office Of County Secretary	466	315	781	317	185	502
5329000700 Office of Governor & Deputy Governor	178	24	202	366	-	366
5329001100 Boroughs, Sub County Administration	927	615	1,542	941	476	1,417
5329001300 Security and Compliance	2,453	147	2,600	2,571	121	2,692
5329001700 Disaster Management & Coordination	401	388	788	444	267	711
5329002100 Audit	114	10	124	77	2	79
5329000000; BOROUGHES AND PUBLIC ADMINISTRATION	4,538	1,499	6,037	4,715	1,051	5,766
5330000000 COUNTY ATTORNEY	221	20	241	520	12	532
5331000000 INNOVATION AND DIGITAL ECONOMY	232	459	691	318	220	538
5332000000 HEALTH, WELNESS AND NUTRITION	10,776	1,085	11,861	11,561	2,210	13,771
5333000000 BUILT ENVIROMENT & URBAN PLANNING	536	623	1,158	615	475	1,090
5334000000; MOBILITY AND WORKS	1,080	1,724	2,804	1,658	3,698	5,356
5335000000 TALENT SKILLS DEVT & CARE	2,277	1,299	3,576	2,379	1,015	3,394
5336000000; BUSINESS & HUSTLER OPPORTUNITIES	622	1,195	1,817	837	911	1,748
5337 000000;INCLUSIVITY PUBLIC PARTICIPATION,& CITIZEN ENGAGEMENT	238	326	564	274	116	390
5338000000; NAIROBI REVENUE AUTHORITY	109	105	214	250	75	325
TOTAL COUNTY EXECUTIVE	29,945	12,226	42,171	31,861	13,896	45,757
COUNTY ASSEMBLY	2,147	2,155	2,155	2,000	1,800	3,800
TOTAL	32,092	14,381	44,326	33,861	15,696	49,557

ANNEX III: SUMMARY REPORT ON THE CFSP PUBLIC PARTICIPATION

Public participation on the draft CFSP was conducted across all 17 sub-counties on 17th and 18th February, 2025 with the objective of providing a platform for Nairobians to consider it and provide their input. Invitation notices for members of the public and other stakeholders to participate were posted on the county website on 11th February 2026, and on newspapers on 11th and 13th February 2026. The draft CFSP and its summarized versions were accessed through the county website. Different stakeholders participated through submission of memoranda, attending the public participation forums and through an online link. Via the online link 151 respondents participated; 69.5% being male and 30.5% Female; 58.6% aged above 36 years and 41.4% being 35Years and below; and 4.6% were people with disabilities as shown below

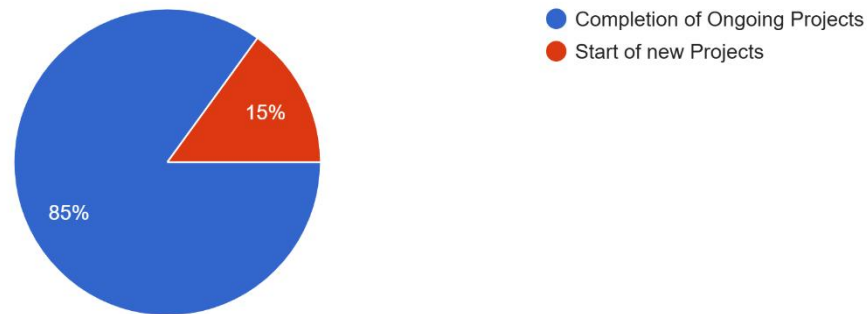


PUBLIC INPUTS ON CFSP 2025 PRIORITIES

1. Preference in Resource Allocation to Development Projects

Preference in Resource Allocation to Development Projects (Where to allocate money first)

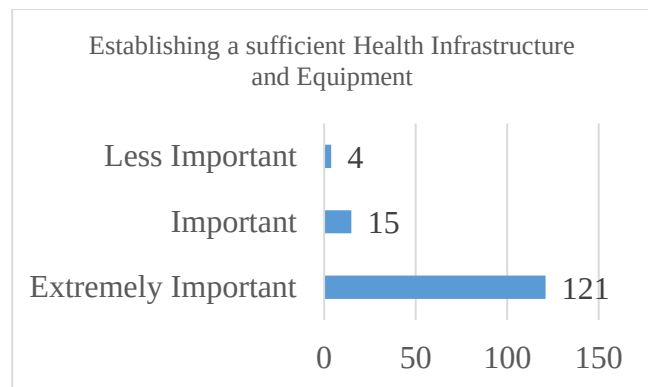
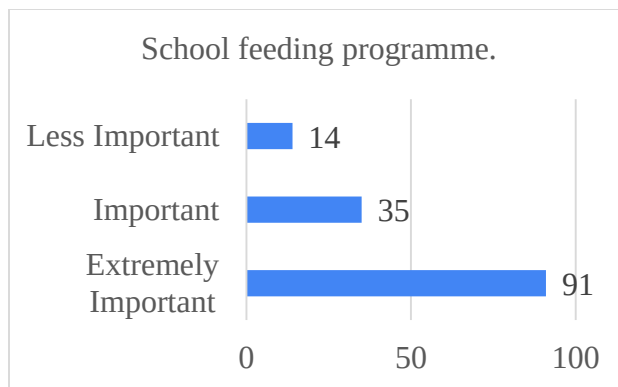
140 responses

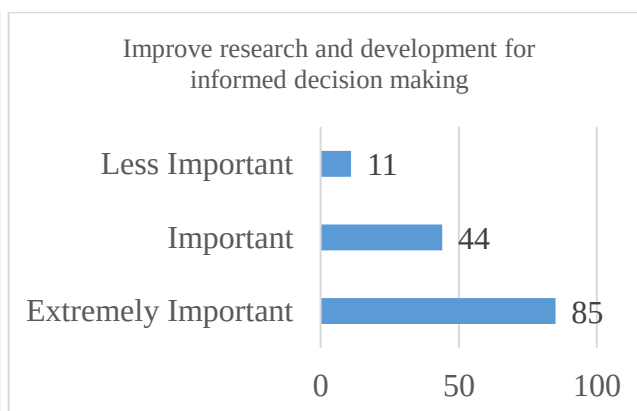
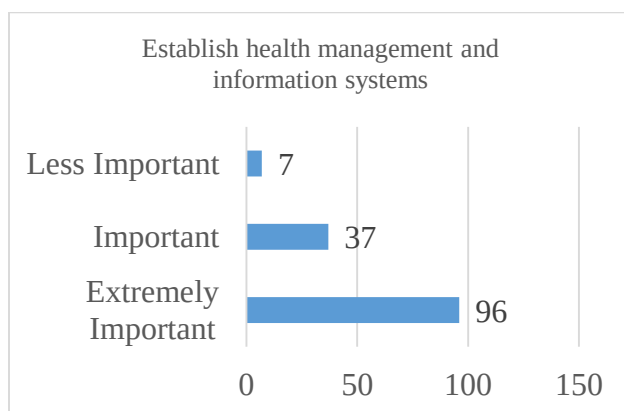
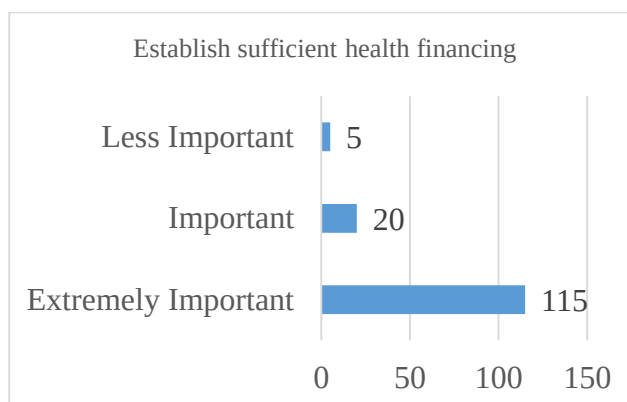
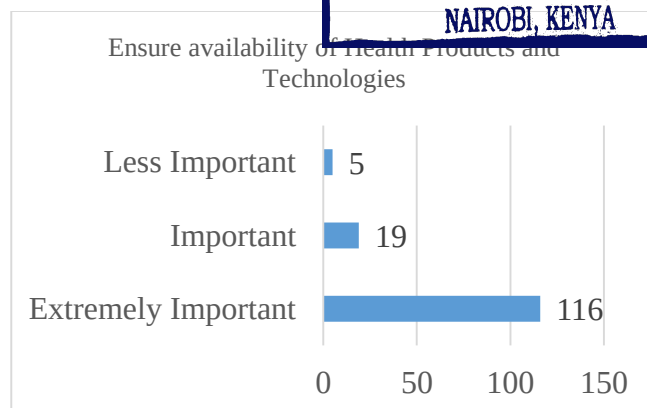
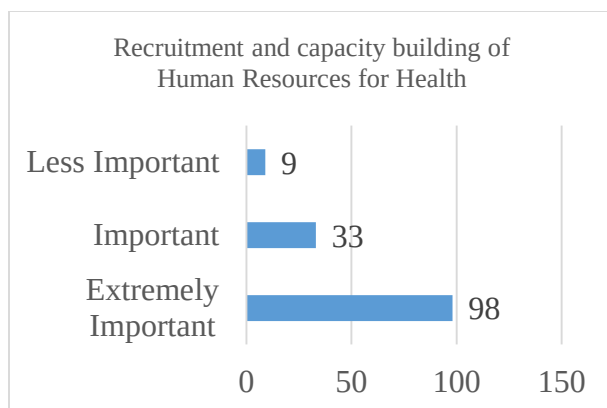


PRIORITIES PER SECTOR

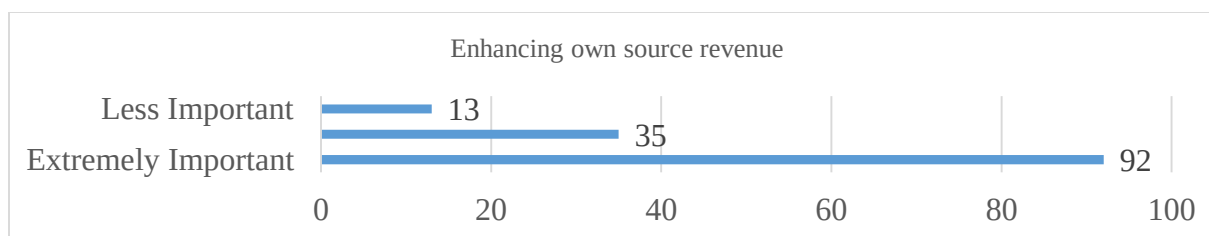
The following summary is as per the feedback received through the online public participation where 140 responses were received

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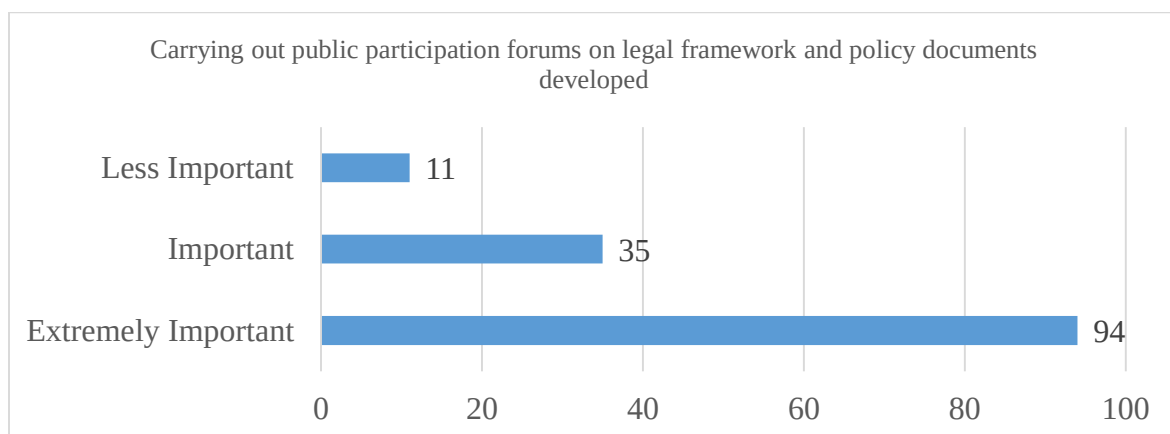
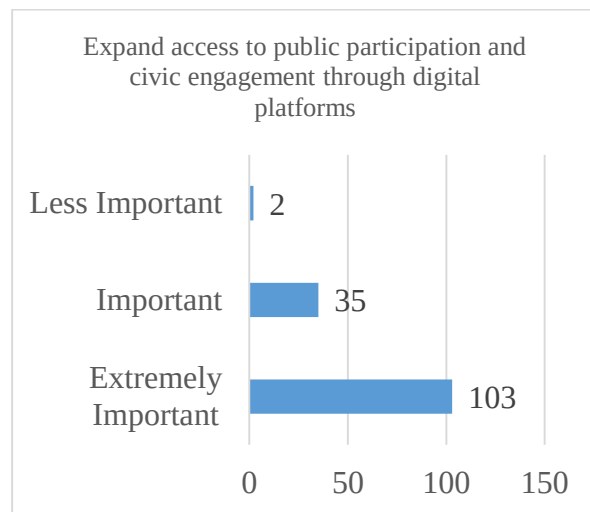
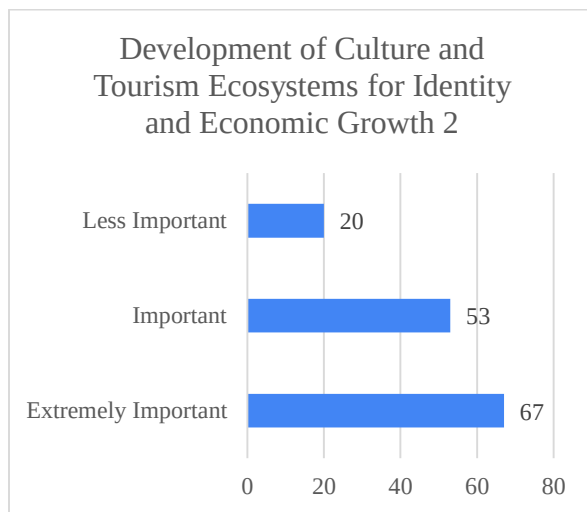
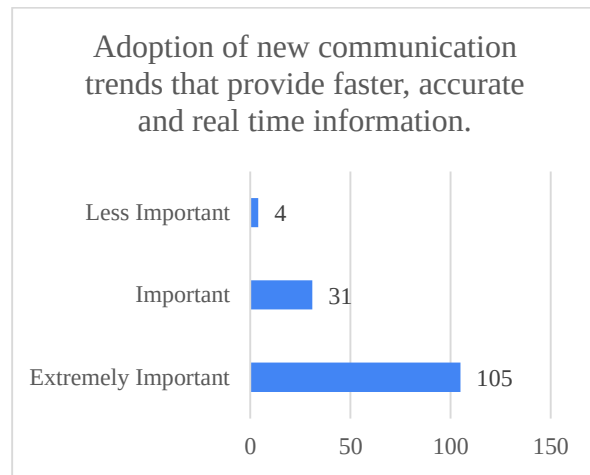
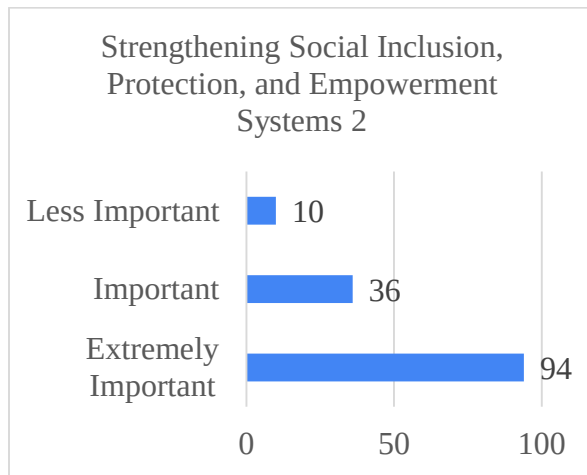




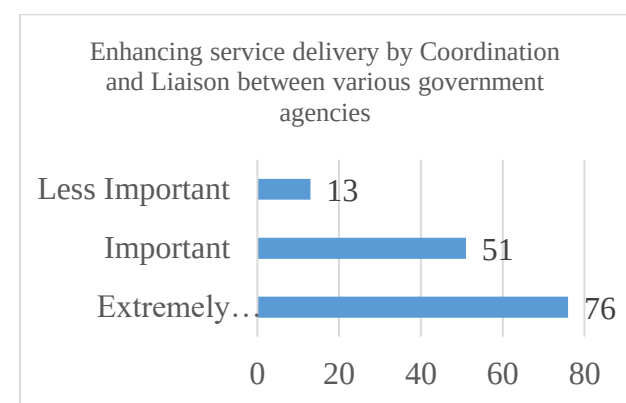
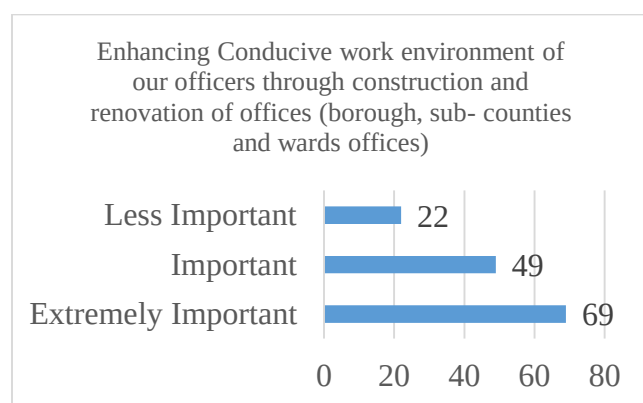
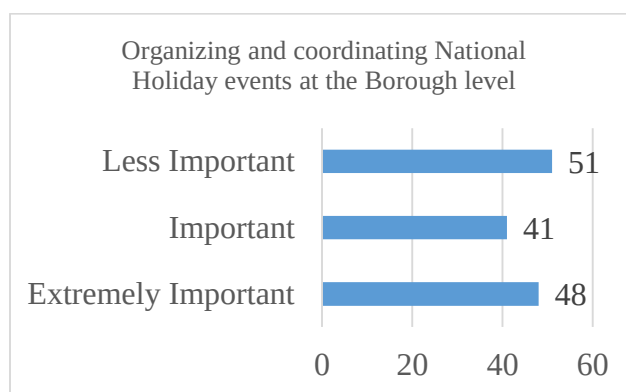
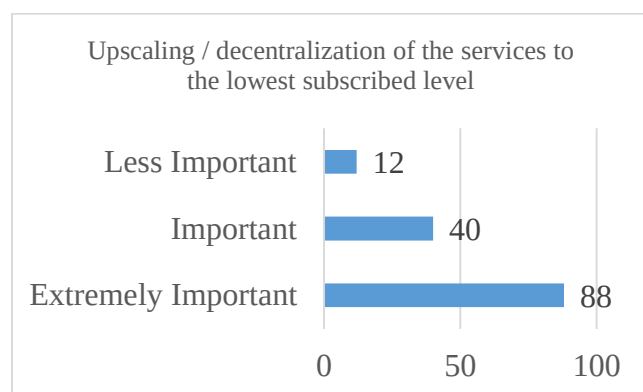
NAIROBI REVENUE AUTHORITY



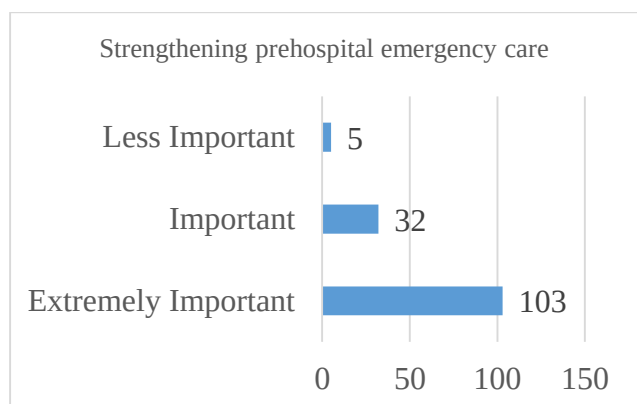
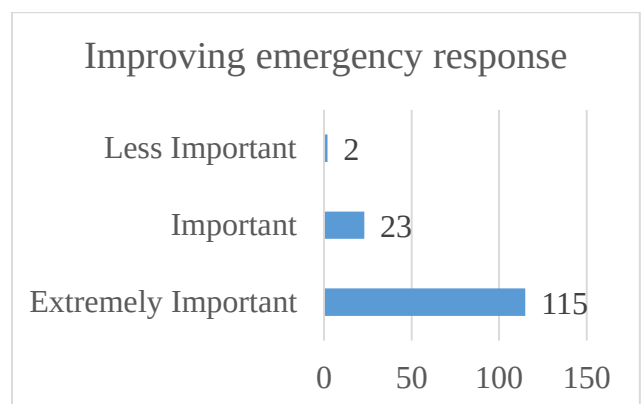
INCLUSIVITY, PUBLIC PARTICIPATION AND CITIZEN ENGAGEMENT

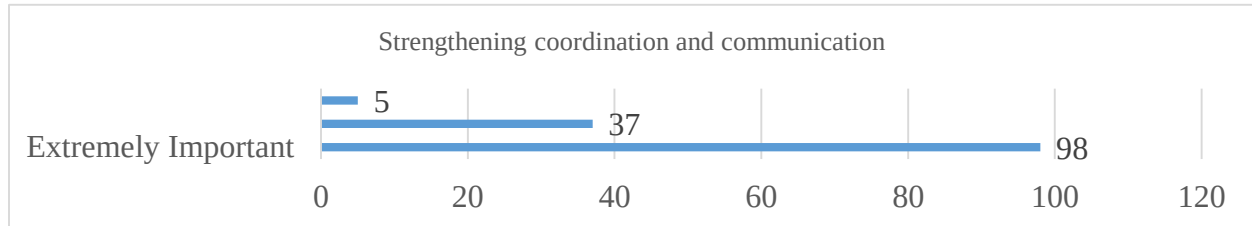
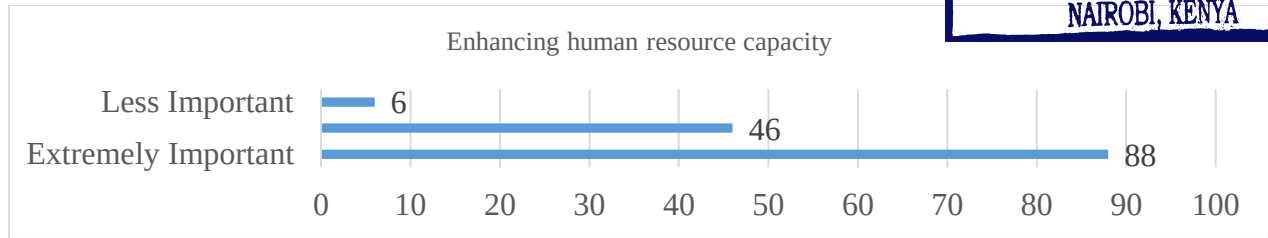


BOROUGHES AND SUB-COUNTY ADMINISTRATION

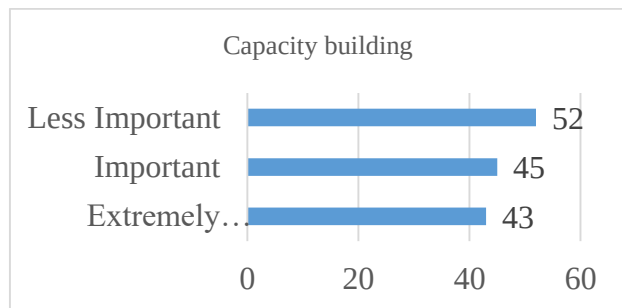
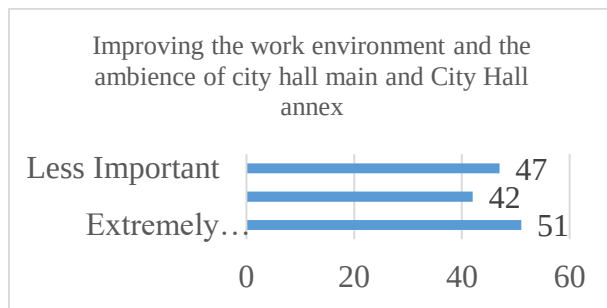


DISASTER MANAGEMENT

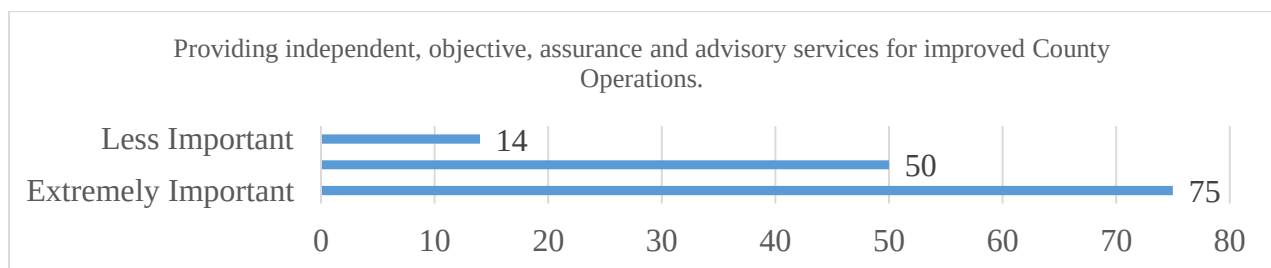




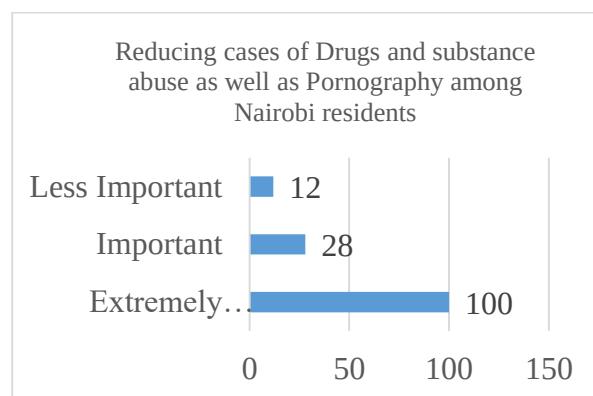
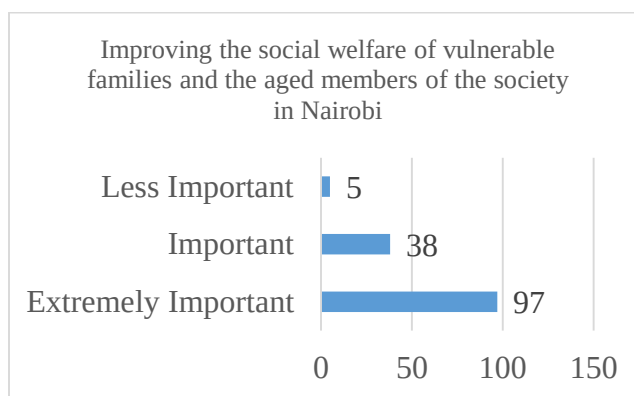
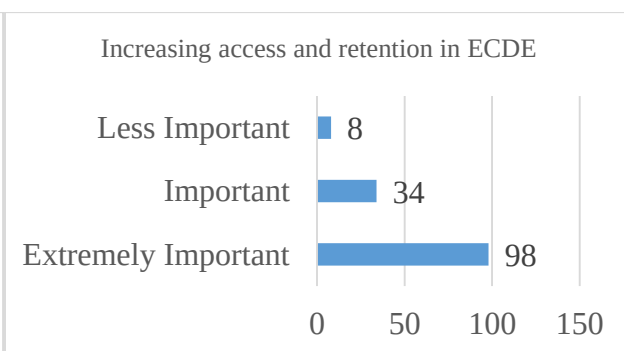
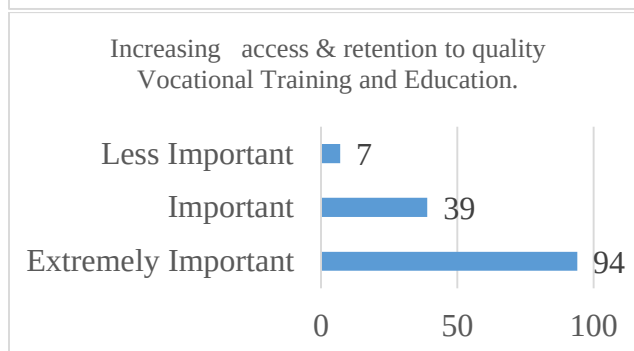
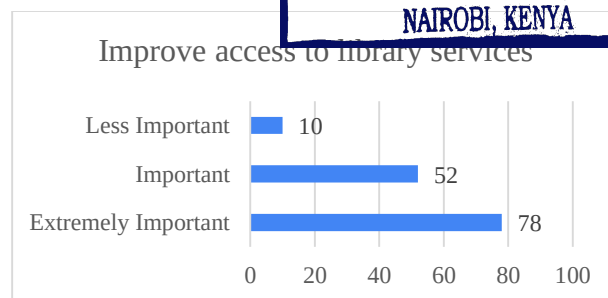
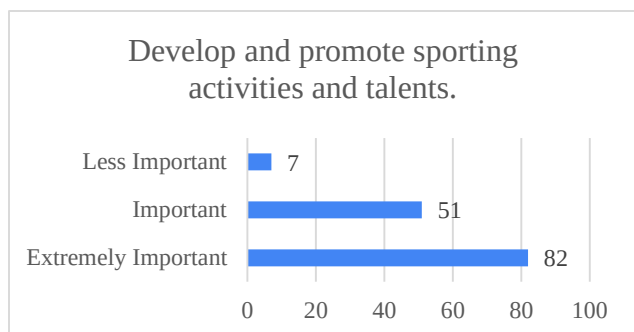
OFFICE OF THE COUNTY SECRETARY



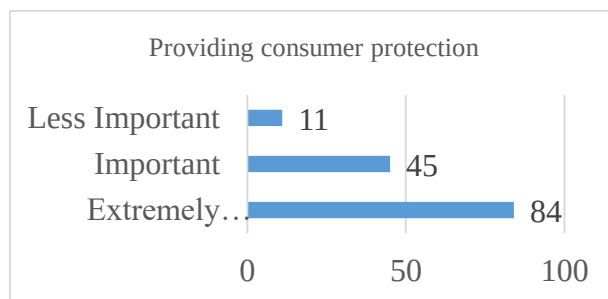
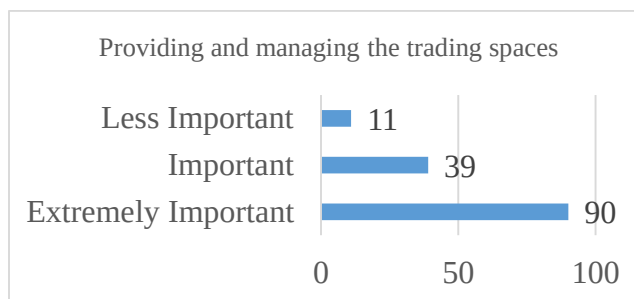
AUDIT SERVICES

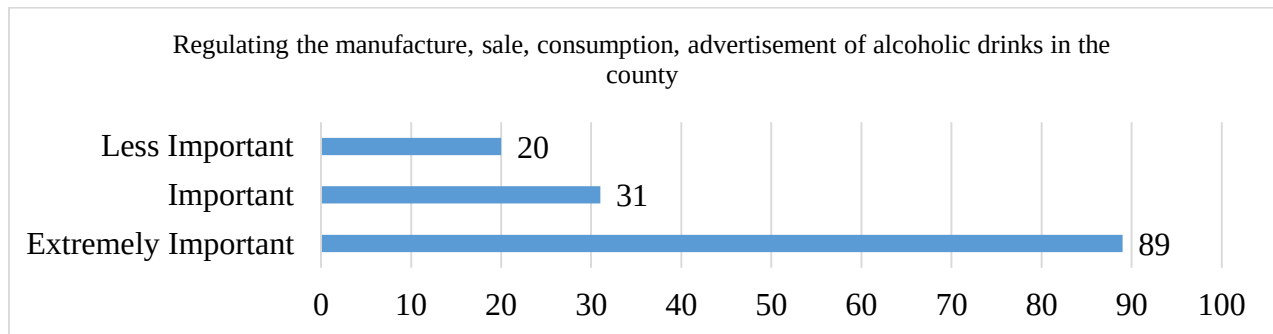
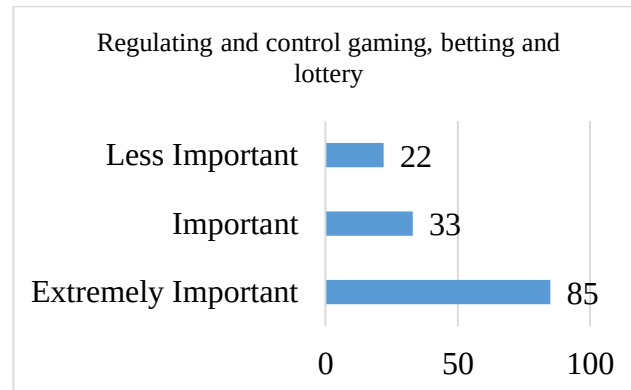
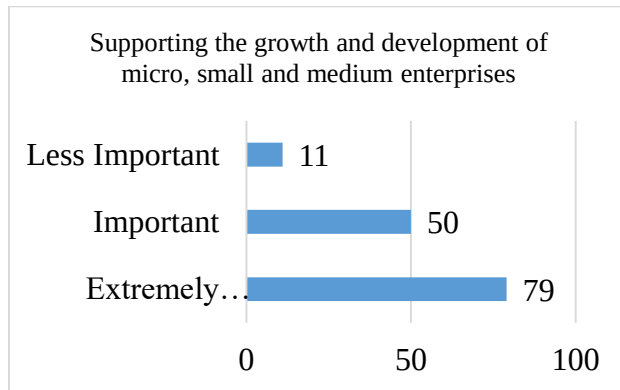
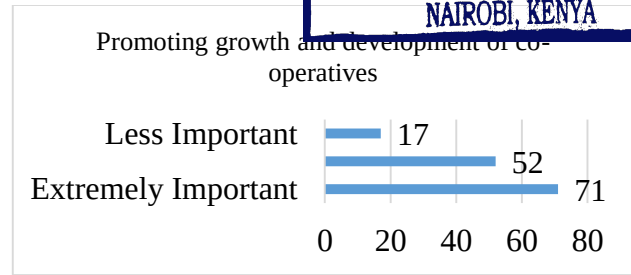
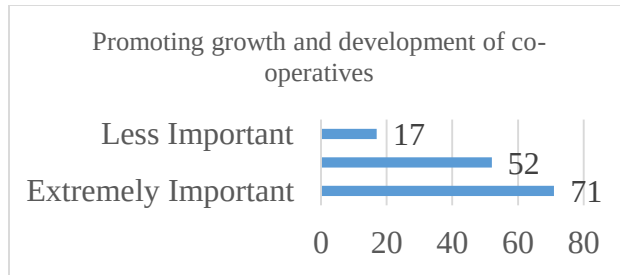


TALENT, SKILLS DEVELOPMENT AND CARE

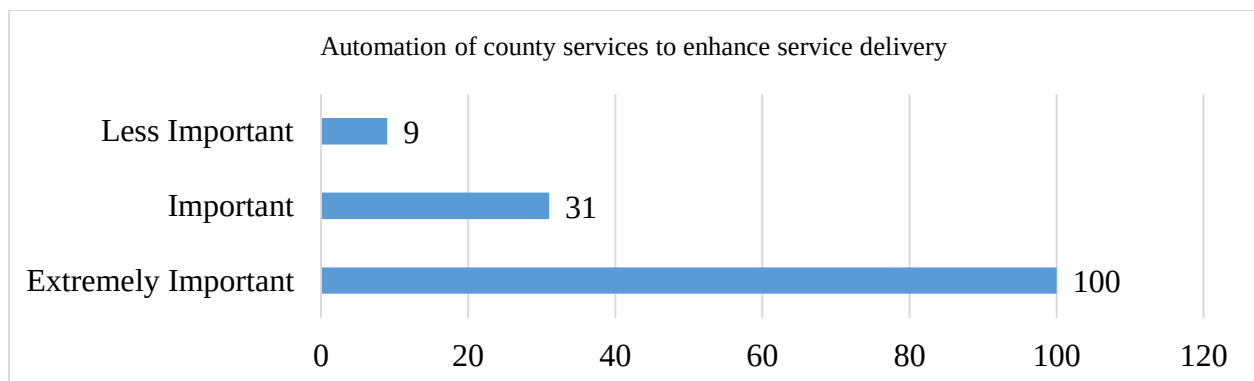


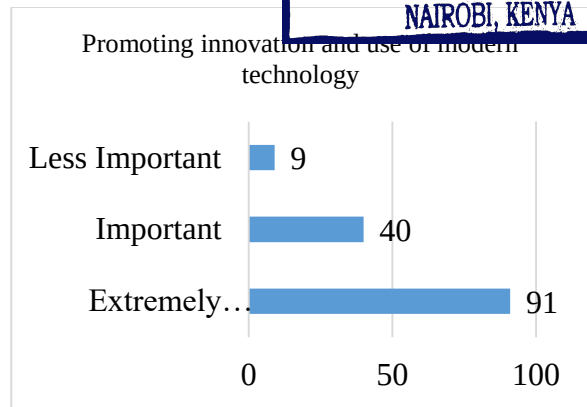
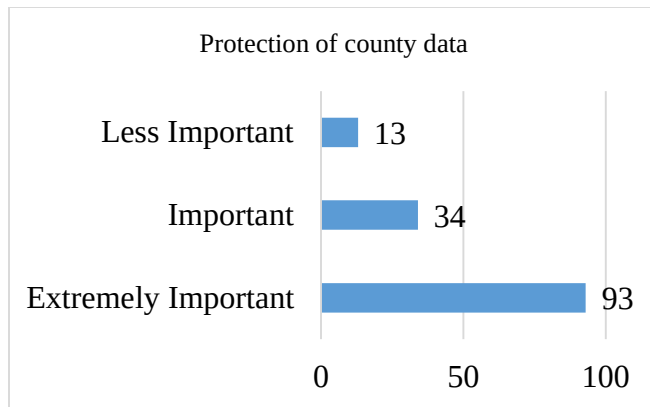
BUSINESS HUSTLER AND OPPORTUNITIES



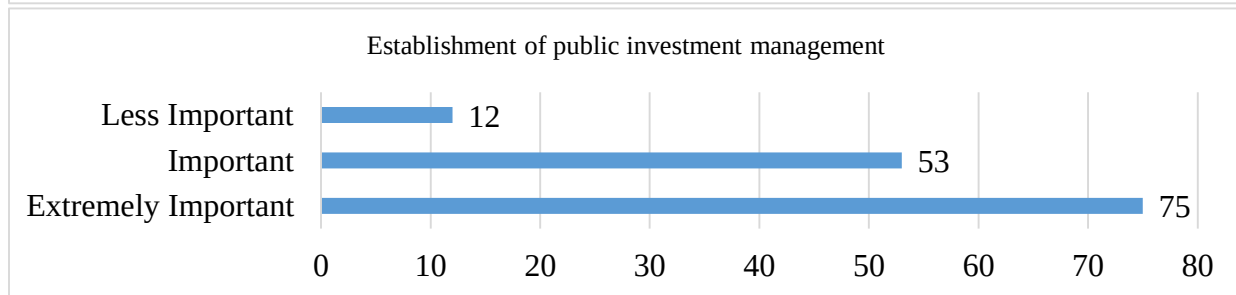
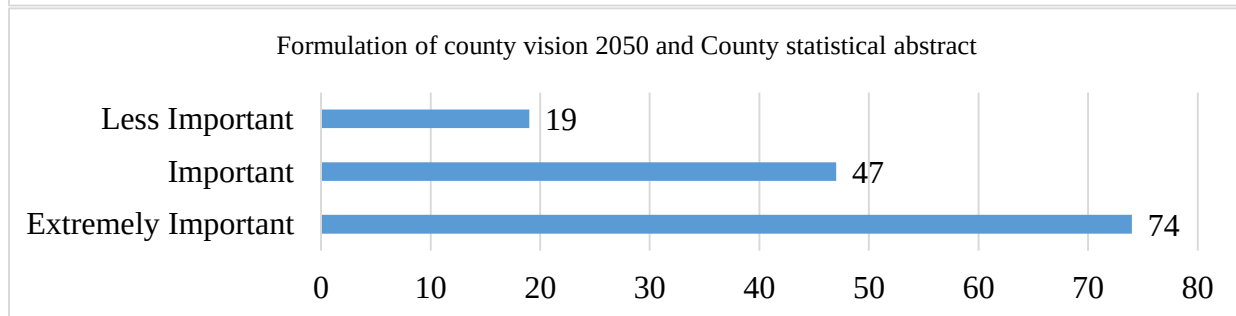
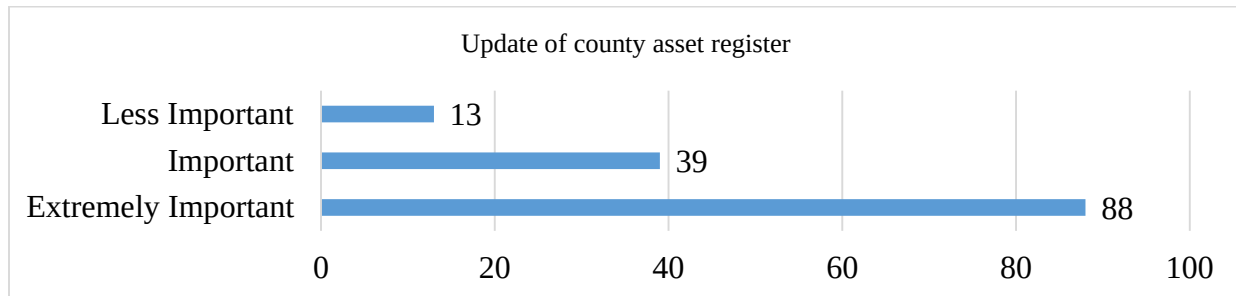


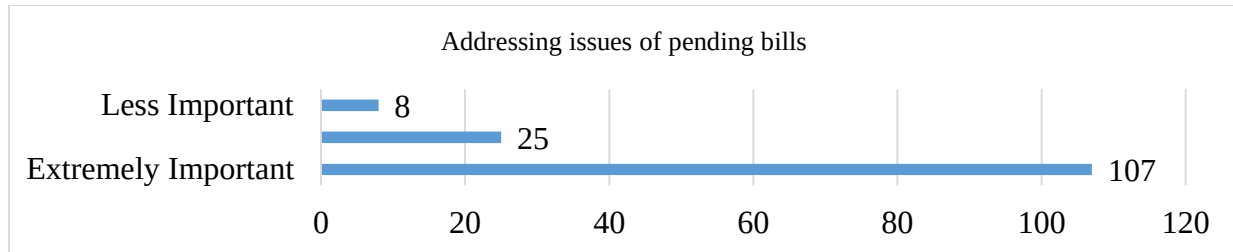
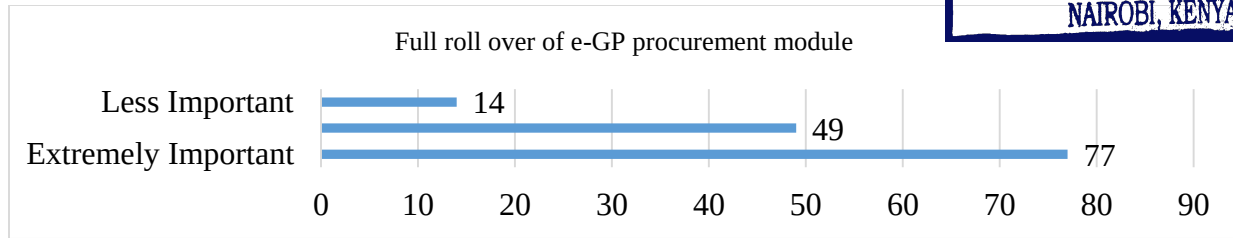
INNOVATION AND DIGITAL ECONOMY





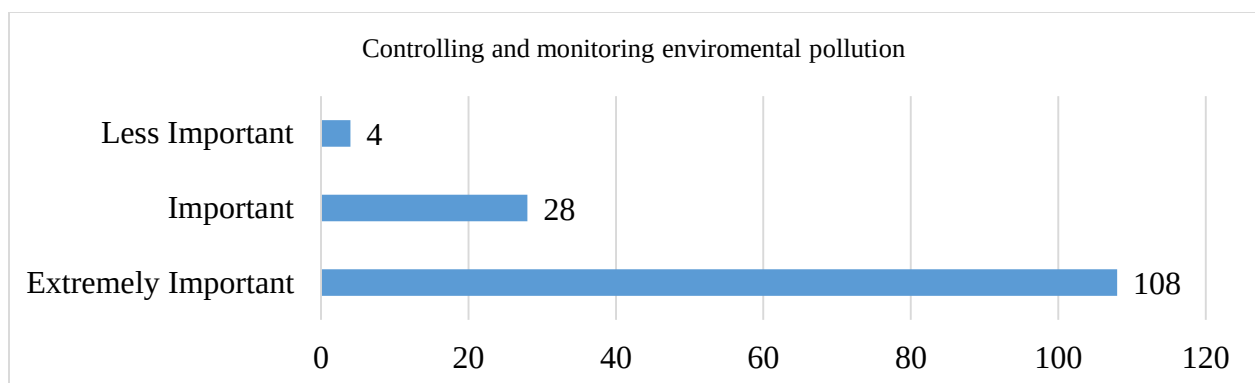
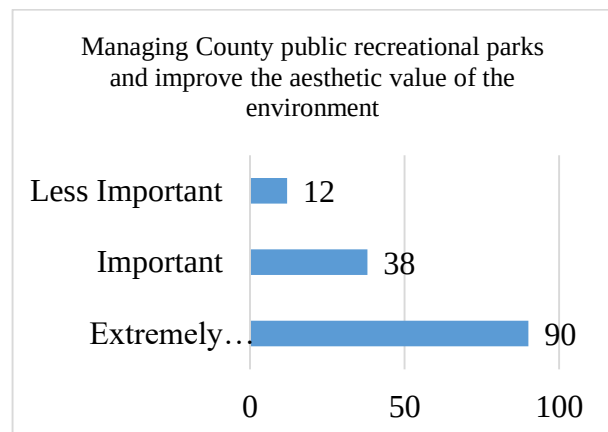
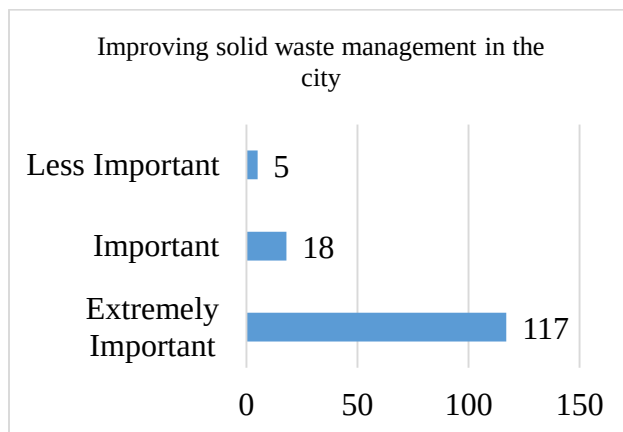
FINANCE AND ECONOMIC PLANNING





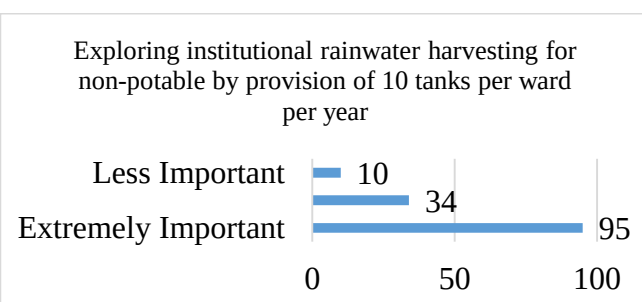
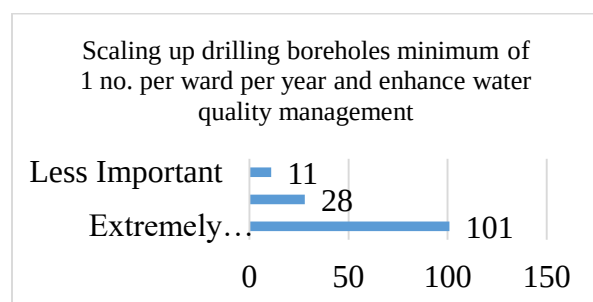
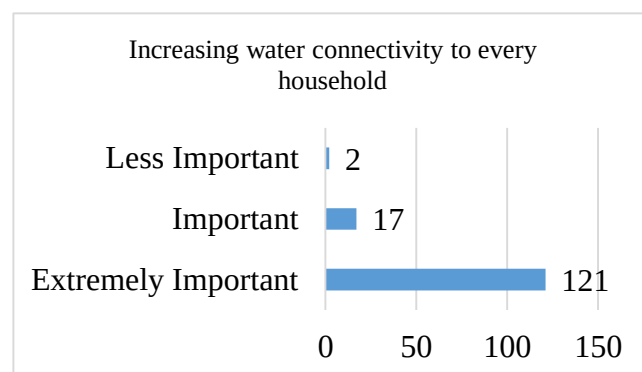
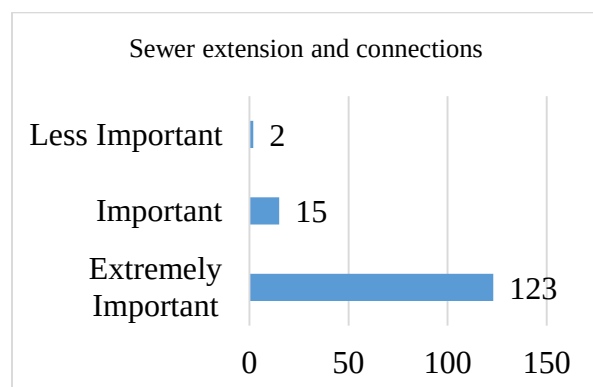
GREEN NAIROBI SECTOR

A) ENVIROMENT



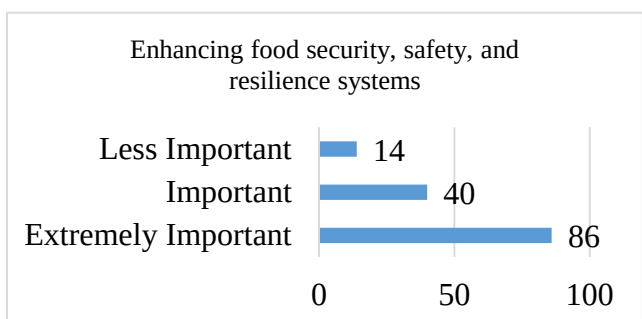
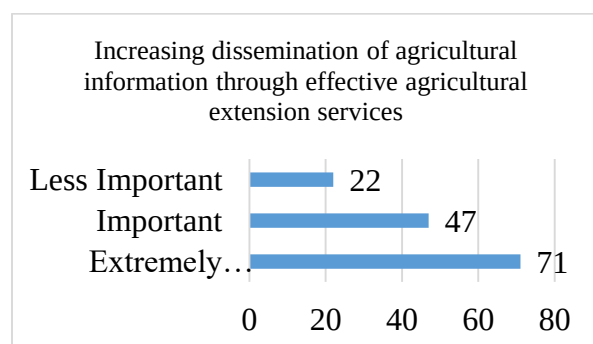
GREEN NAIROBI SECTOR

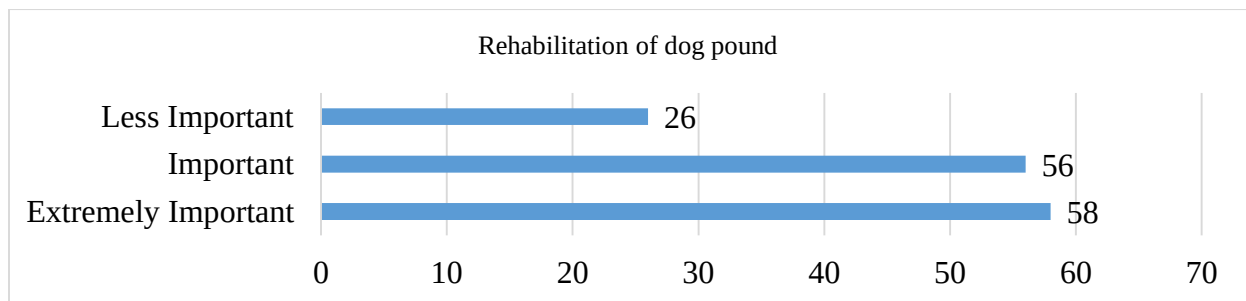
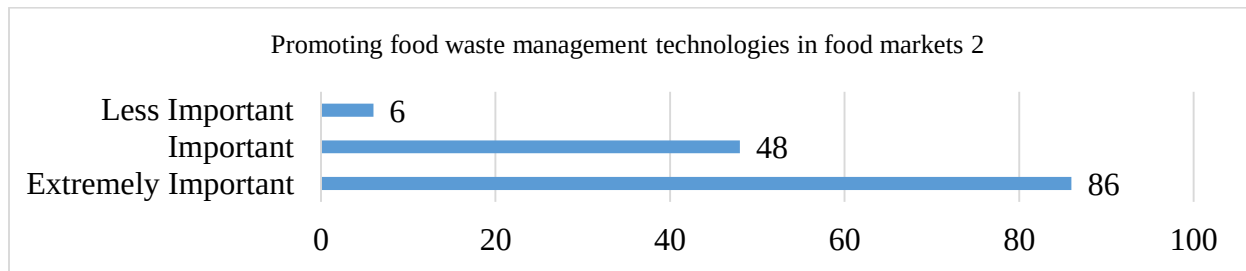
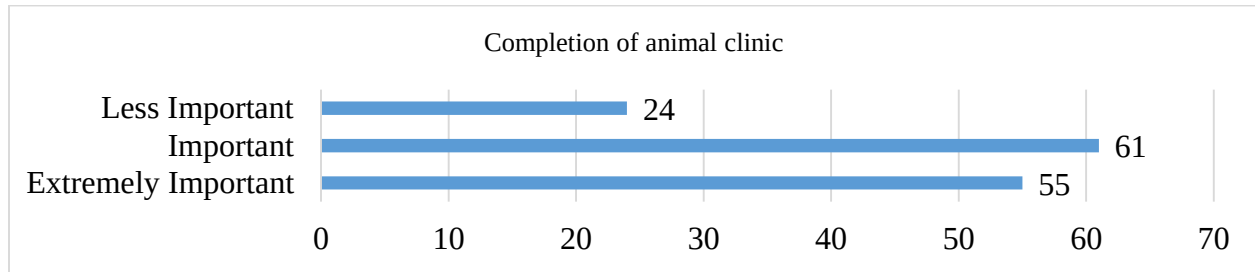
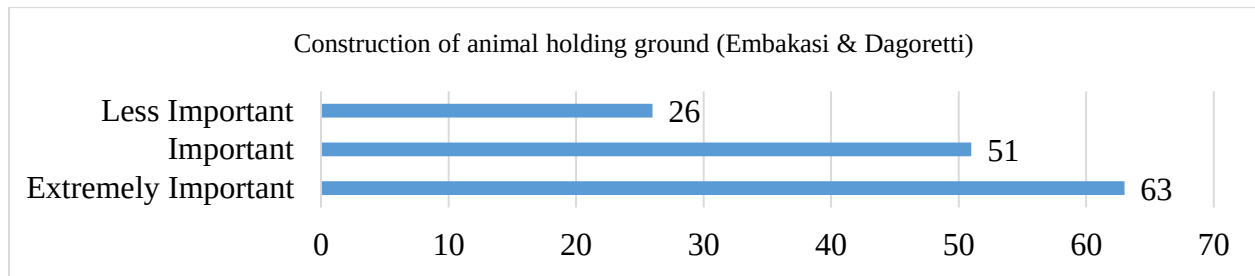
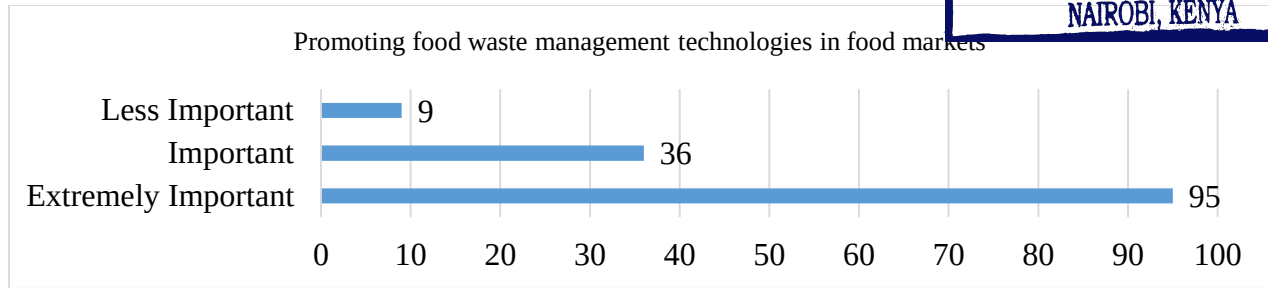
B) WATER AND SANITATION

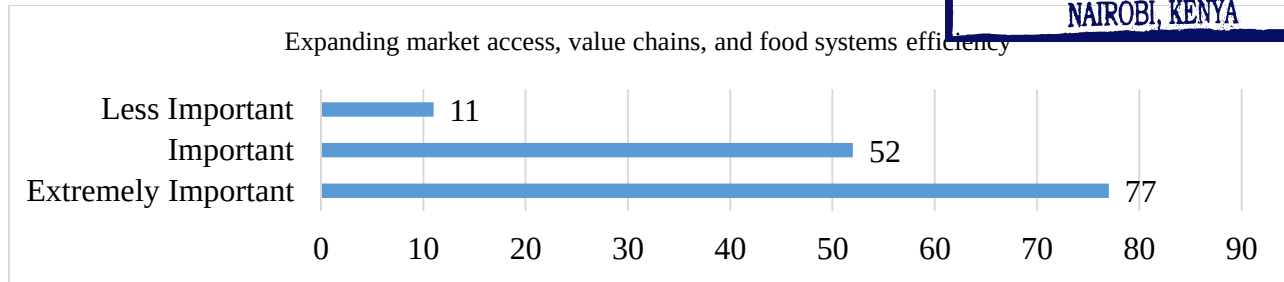


GREEN NAIROBI SECTOR

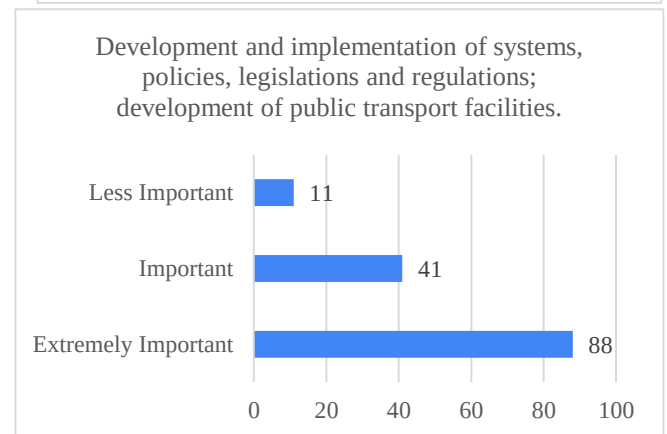
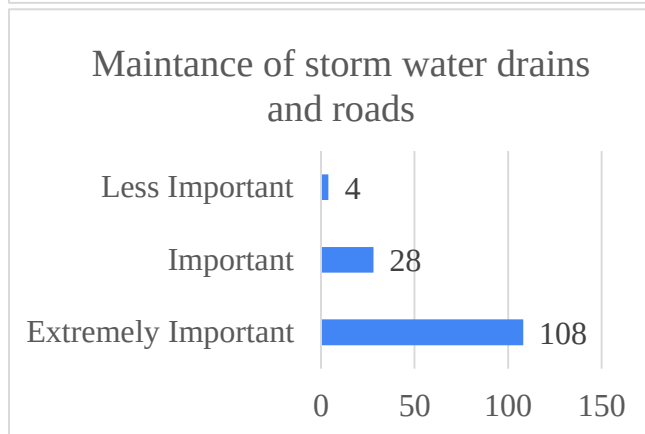
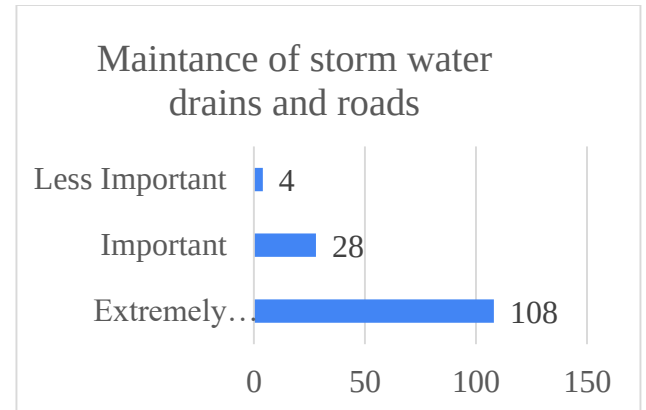
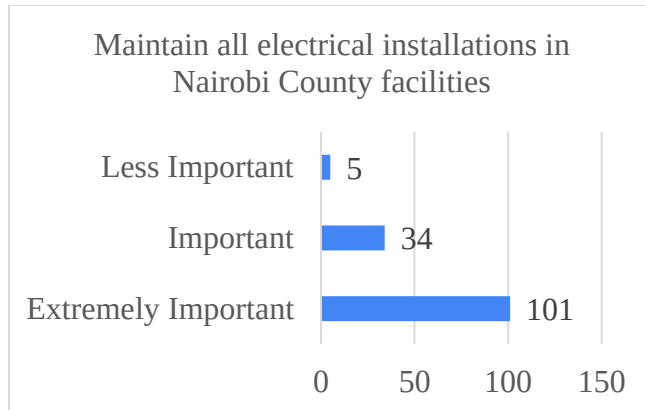
C) FOOD AND AGRICULTURE

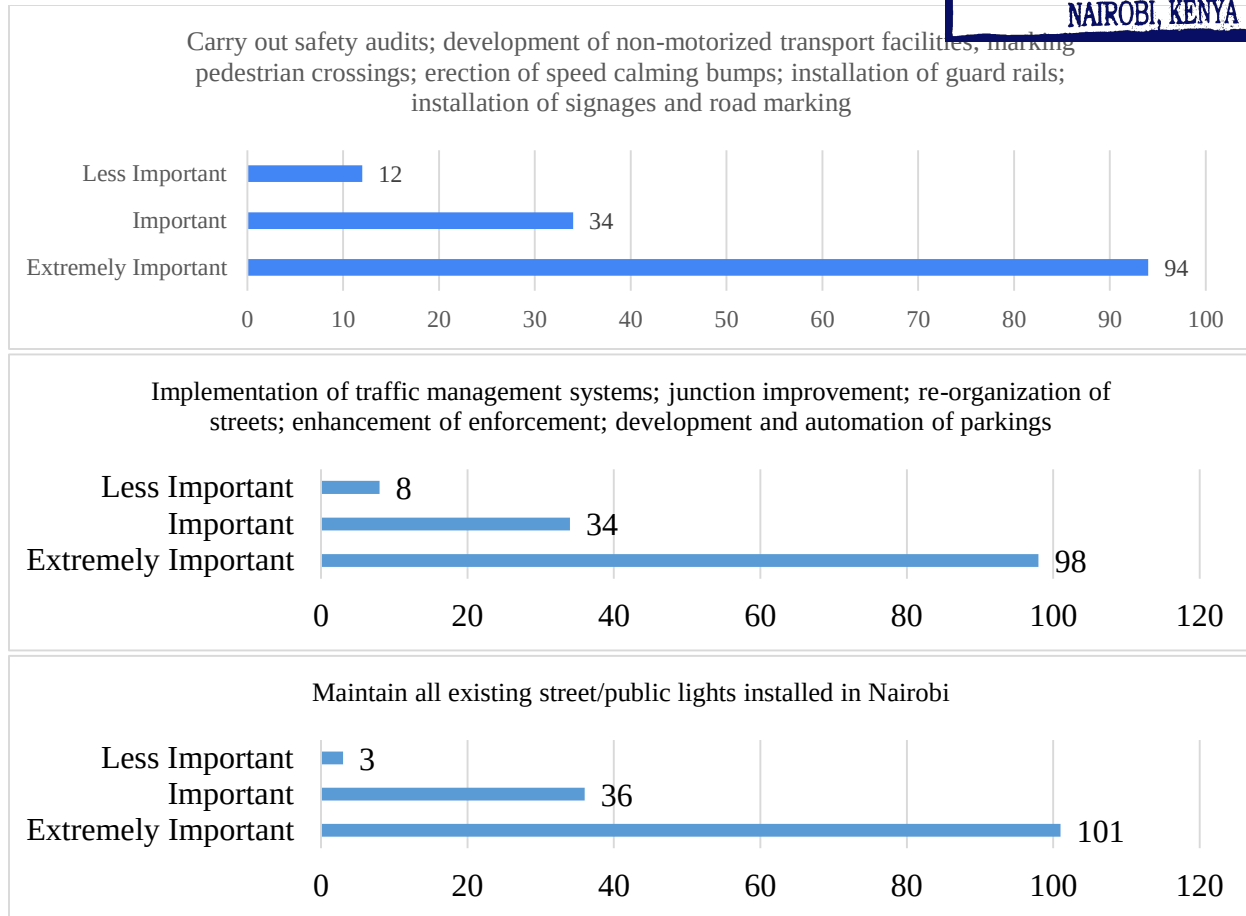






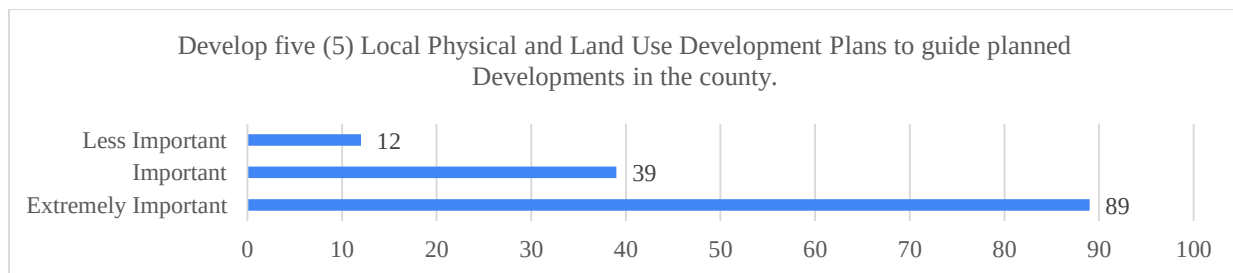
MOBILITY AND WORKS



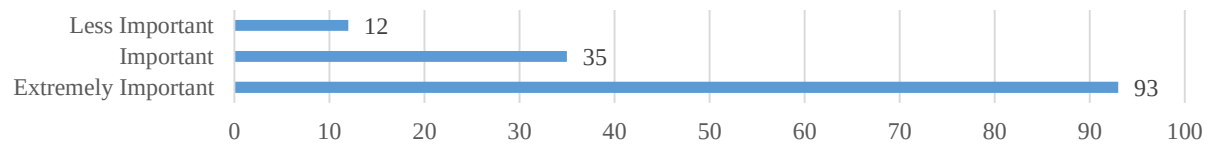


BUILT ENVIROMENT AND URBAN PLANNING

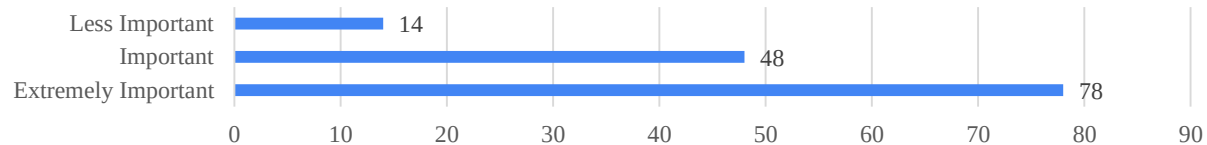
A) Urban Development & planning



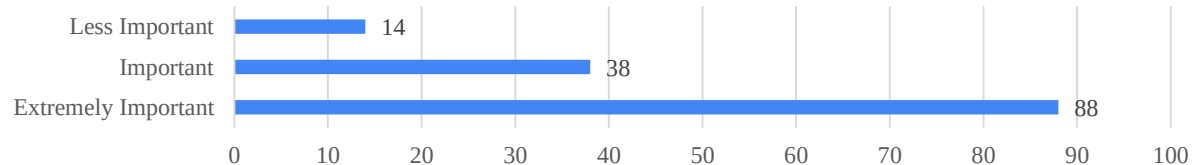
Regularize unauthorized developments in accordance with existing planning laws and standards.



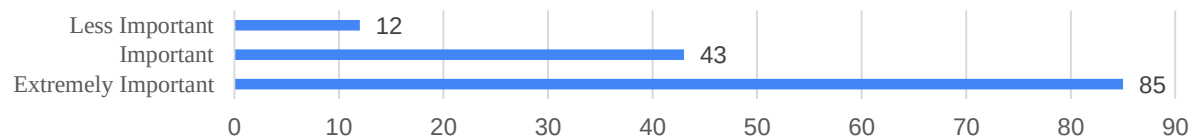
Prepare and operationalize a GIS-based County Spatial Plan.



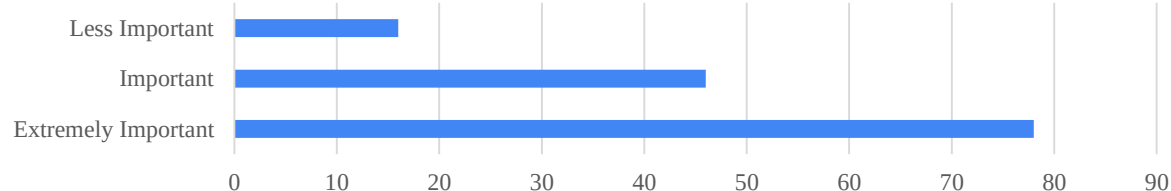
Formulate and implement urban planning policies to regulate emerging developments, including petrol stations, short-term rentals (Airbnb), hotels, and related uses.

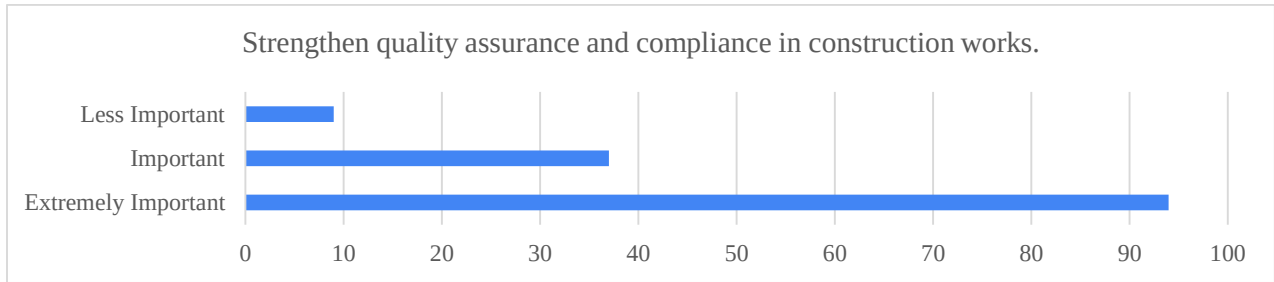
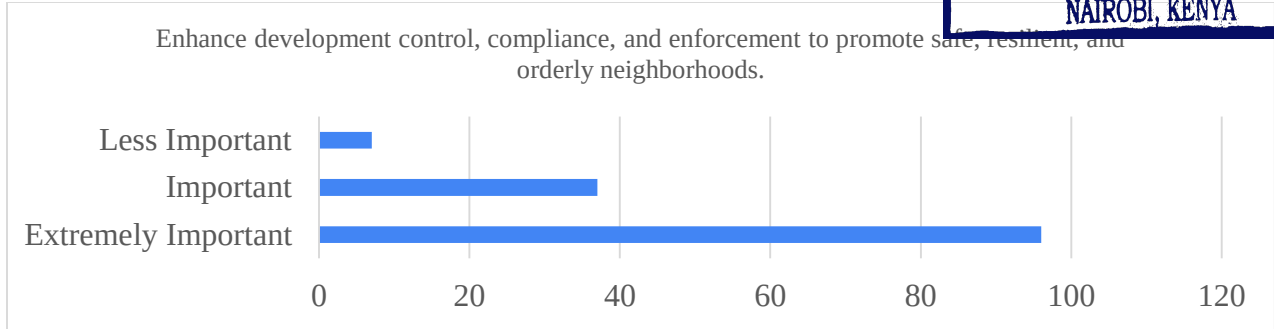


Strengthen mechanisms for resolution of disputes arising from planning decisions.



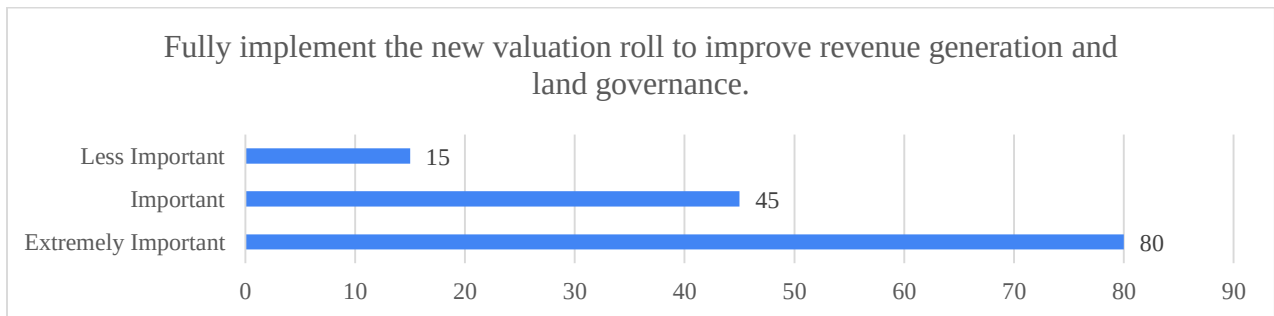
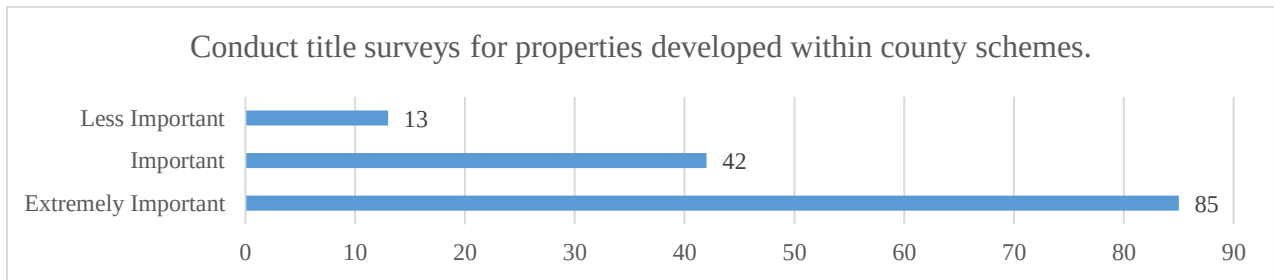
Establish an Urban Planning Resource Centre to support planning research, data access, and public engagement.

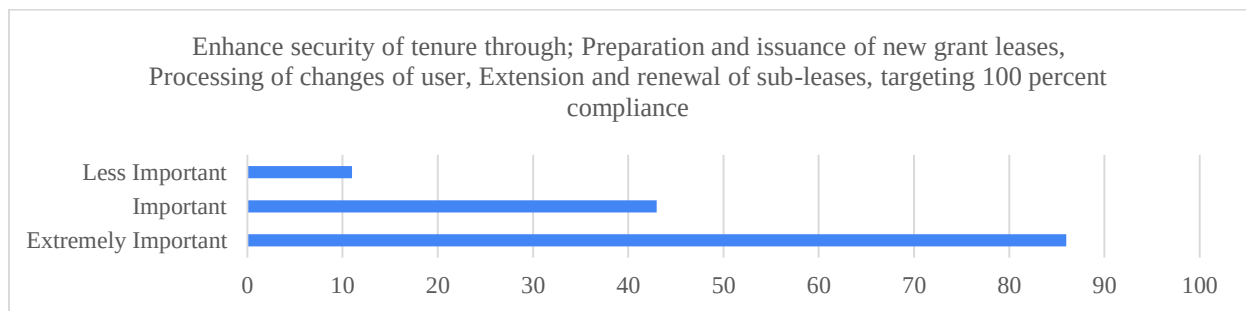
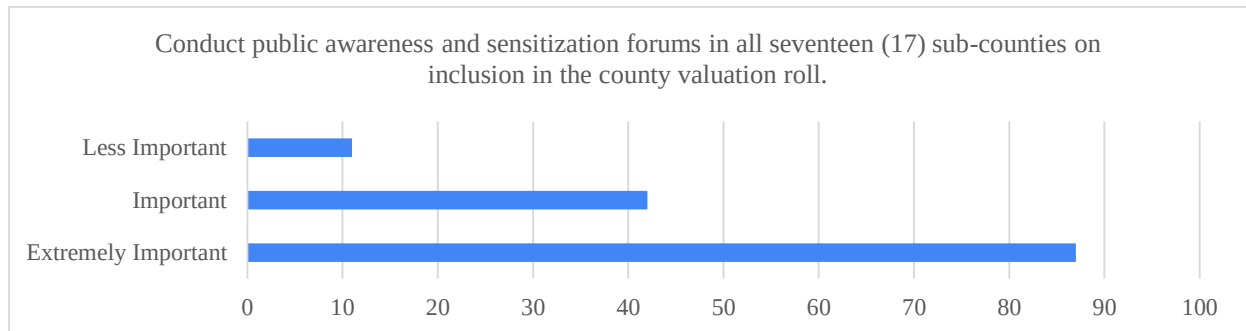
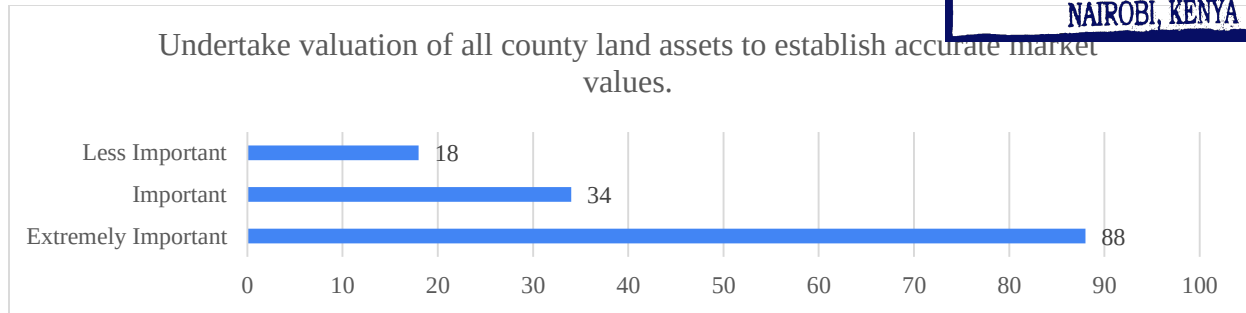




BUILT ENVIRONMENT AND URBAN PLANNING

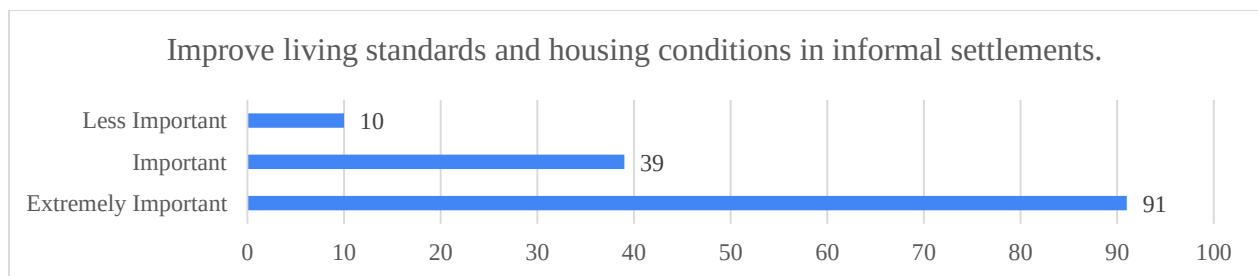
B) Lands



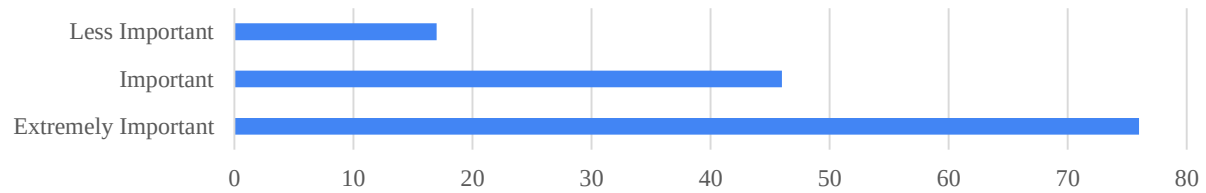


BUILT ENVIRONMENT AND URBAN PLANNING

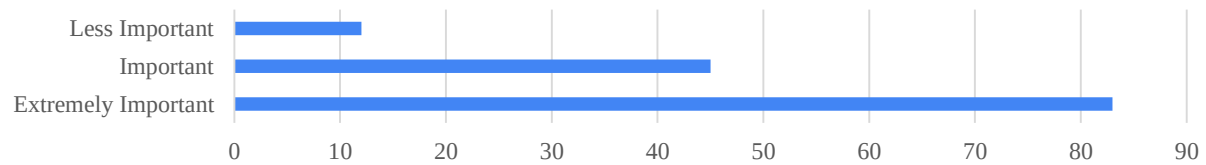
C) Housing and Urban Renewal



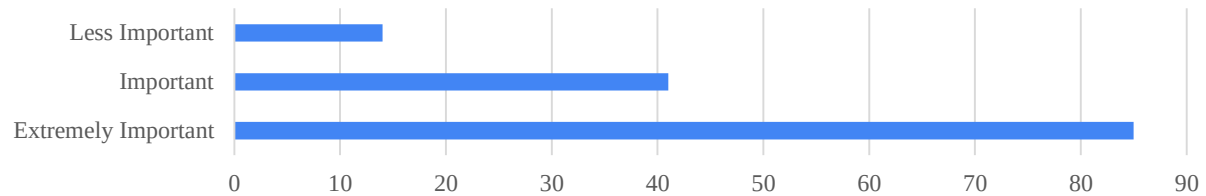
Renovate 100 percent of housing units in targeted county estates.



Develop and implement a Housing Policy to address estate management issues, including Solid waste management, Allocation of newly constructed affordable housing units, Maintenance and management of county housing stock



Upgrade infrastructure and basic services in informal settlements.



Foster safe, healthy, and dignified living environments through integrated housing and urban renewal interventions.

