

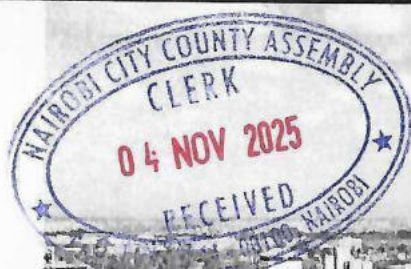
COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

NAIROBI CITY COUNTY



2025

COUNTY BUDGET REVIEW AND OUTLOOK PAPER



SUBMISSION

FOREWORD

In line with Section 118 of the Public Finance Management Act 2012, the County Treasury has prepared the Nairobi City County Budget Review and Outlook Paper (CBROP) 2025. This paper provides a detailed review of Nairobi City County fiscal performance for the financial year ended 30th June 2025 and outlines the economic and fiscal outlook that will inform the formulation of the County Fiscal Strategy Paper for the Financial 2026/2027 and the subsequent budget estimates.

During the Financial Year 2024/2025, total revenues including cash balances brought forward, amounted to Kshs 36.15 billion, representing 89% of the annual revised target of Kshs 40.5 billion. This shortfall is primarily attributed to underperformance in own source revenues collection, delays in disbursement of conditional grants and operational challenges in revenue mobilization systems.

Total expenditures during the year amounted to Ksh. 33.4 billion against an approved revised target of Ksh. 40.5 translating to an absorption rate of approx. 83%. This under-absorption is primarily due to revenue constraints as a result of underperformance of revenues.

Despite revenue and expenditure constraints, the County has made progress in several key areas including infrastructure maintenance, rehabilitation of health facilities, development and rehabilitation of youth sports facilities, school feeding for all primary school going children in public schools and continued investment in solid waste management programmes. Revenue administration reforms have been initiated and are expected yield better fiscal outcomes in the years ahead.

The CBROP 2025 proposes a strategic framework aimed at improving revenue performance, improving service delivery while aligning expenditures with County plans. The fiscal outlook takes into account the emerging issues such as the urban population growth due to rural urban migration in search of better economic opportunities, climate change that requires high levels of adaptability and efficient resource use.

I wish to thank all the departments and stakeholders who contributed to the preparation of this CBROP 2025 and reaffirm the commitment of the County Treasury to prudent management of public resources and strive to make an efficient and prosperous city.



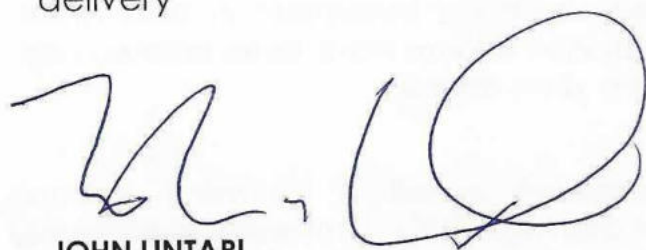
CHARLES KERICH
CECM-FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

The preparation of the Nairobi City County Budget Review and Outlook Paper 2025 has been made possible through collective effort of many stakeholders across the County. The CBROP 2025 serves a critical document in the budget cycle that helps the County to assess the performance of the previous financial year and with that experience shape a more informed fiscal strategy for the current year and the years ahead

I would like to express my gratitude to all officers, who provided timely data, analysis and any other insight that forms the foundation of this report. Special thanks goes to the Directorates of Budget and Economic Planning for leading the coordination, consolidation of the document. I also appreciate the support from the County Executive Member of Finance, Chief Officers for Finance and Revenue Administration whose support and guidance made this possible.

As we embark on the budget process for the Fy 2026/2027 & the medium term, we remain committed to aligning the county planning and budgeting processes with the development agenda of the County as enshrined in the law, while continuously improving efficiency accountability and service delivery



JOHN LINTARI

CHIEF OFFICER – ECONOMIC PLANNING

TABLE OF CONTENTS

PART 1-INTRODUCTION

1.1	LEGAL FRAMEWORK.	1
1.2	FISCAL RESPONSIBILITY PRINCIPLES IN PUBLIC FINANCIAL MANAGEMENT	2
1.3.	OBJECTIVE OF THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER 2025	2

PART 2: FISCAL PERFORMANCE IN FY 2024/2025

2.1	REVENUE PERFORMANCE	4
2.2	OWN SOURCE REVENUES	5
2.3	CHALLENGES AFFECTING REVENUE COLLECTION	7
2.4	UNDERLYING ASSUMPTIONS ON REVENUE PROJECTIONS	9
2.5	EXPENDITURE PERFORMANCE	11
2.6	PENDING BILLS	13
2.7	FY 2024/2025 FISCAL PERFORMANCE IN RELATION TO FINANCIAL OBJECTIVES AND FISCAL RESPONSIBILITIES PRINCIPLES	14
2.8	ACHIEVEMENTS IN PROGRAMMES/PROJECTS IMPLEMENTATION.	15
2.8.1	Mobility and Works.	16
2.8.2	Health, Wellness and Nutrition	18
2.8.3	Green Nairobi (Environment, Water and Sanitation)	19
2.8.4	Food, Agriculture and Natural Resources	20
2.8.5	Business and Hustler Opportunities	23
2.8.6	Built Environment and Urban Planning	25
2.8.7	Disaster Management and Coordination	26
2.8.8	Finance and Economic Planning	26
2.8.9	Office of The Governor	27
2.8.10	Public Service Management	30
2.8.11	Office of The County Attorney	31
2.8.12	Talents Skills Education and Care	32
2.8.13	Inclusivity, Public Participation and Customer Care	35
2.8.14	Innovation and Digital Economy	37

2.8.15 Ward Development Programme	39
2.8.16 Public Service Board	39

PART 3: MACROECONOMIC REVIEW AND FORECASTS

3.1 GLOBAL ECONOMIC PROSPECTS	40
3.2 DOMESTIC ECONOMY	41
3.3 NAIROBI COUNTY ECONOMIC PERFORMANCE AND OUTLOOK	44
3.4 CONTRIBUTION OF MAIN ECONOMIC ACTIVITIES TO NAIROBI COUNTY GCP	45

PART 4-RESOURCE ALLOCATION FRAMEWORK

4.1 IMPLEMENTATION OF THE FY 2025/2026 BUDGET ESTIMATES	47
4.2 FISCAL POLICY FOR FY 2026/2027 & MEDIUM-TERM BUDGET	47
4.3 FY 2026/2027 FISCAL & THE MEDIUM-TERM PROJECTIONS	48
4.4 REVENUE PROJECTIONS	48
4.5 EXPENDITURE PROJECTIONS	48
4.6 ALTERNATIVE FINANCING STRATEGIES	49

PART 5: SECTORAL INDICATIVE BUDGET CEILINGS

5.1 INDICATIVE SECTORAL CEILINGS FOR THE FY 2026/2027& MEDIUM-TERM	50
5.2 CONCLUSION	51

PART 1-INTRODUCTION

1.1 Legal Framework for the Publication of the Budget Review and Outlook Paper

The Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Financial Management Act, 2012. The law states that:

- (1) The County Treasury shall prepare a County Budget Review and Outlook Paper in respect of the County for each of the financial year and submit the paper to the County Executive Committee.
- (2) The Budget Review and Outlook Paper shall include:
 - a) Actual fiscal performance in the previous year compared to the budget appropriation for that year;
 - b) The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;
 - c) Information on any changes in the forecasts compared with the County Fiscal Strategy Paper; and how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year;
 - d) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.
- (3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.
- (4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the

County Treasury shall—

- a) Arrange for the Paper to be laid before the County Assembly; and
- b) As soon as practicable after having done so, publish and publicize the Paper.

1.2. Fiscal Responsibility Principles in Public Financial Management

In line with the constitution the Public Financial Management Act 2012 sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law under Section 107 states that:

- 1) The County government recurrent expenditure shall not exceed the county government total revenue,
- 2) Over the medium term a minimum of 30% of the county government budget shall be allocated to development expenditure,
- 3) The county government's expenditure on wages and benefits to employees shall not exceed a percentage of the county government total revenue by regulations,
- 4) Over the medium term, the government's borrowings shall only be used only for the purpose of financing development expenditure only; and short-term borrowings shall only be restricted to management of cash flows and shall not exceed five (5%) of most recent audited county government revenue,
- 5) The County debt shall be maintained at a sustainable level as approved by the County assembly,
- 6) Fiscal Risks shall be managed prudently,
- 7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in future.

1.3. Objective of the County Budget Review and Outlook Paper 2025

The County Budget Review and Outlook Paper is prepared annually in accordance with the provisions of Section 118 of the Public Finance

Management Act 2012. The CBROP 2025 provides a review of the County's Fiscal performance for the financial year 2024/2025 and also offers an updated macroeconomic and fiscal outlook to guide the upcoming budget process for the FY 2026/2027 & the Medium Term.

Specifically, the objective of this CBROP 2025 are to:

- Review the fiscal performance of Nairobi City County for the FY 2024/2025 with respect to both revenues and expenditures.
- Compare the actual fiscal outcomes against the approved budget estimates and assess the reasons for any deviations.
- Provide an updated macroeconomic fiscal outlook based on current economic trends and revenue projections.
- Set out the indicative ceilings to guide the preparation of the FY 2026/2027 Medium Term Budget Estimates
- Inform the review of the priorities in line with the CIDP 2023-2027, Annual Development Plan and other emerging policy priorities.

This CBROP 2025 is organized into the following parts.

Part 1: Introduction; This outlines the legal basis, objectives and the structure of the paper.

Part 2: Review of the fiscal performance which provides an analysis of the both revenues and expenditures performance for the financial year 2024/2025. This also includes highlights of key service delivery achievements during the year under review.

Part 3: Recent Economic Developments and Outlook-This reviews the macroeconomic indicators and updated forecast at both National and County levels and how they impact the County.

PART 4: Medium Term Fiscal Frameworks -This presents the fiscal strategy, expenditure ceilings and the resource envelope for the FY 2026/2027 and the Medium Term.

PART 5: Sector Priorities and Ceilings -This includes indicative budget ceilings for the FY 2026/2027

PART 2: FISCAL PERFORMANCE IN FY 2024/2025

2.1 REVENUE PERFORMANCE

During the financial year under review, Nairobi County recorded a total actual revenue of Kshs 36.15 billion against a revised target of Kshs 40.5 billion, representing a realization rate of 89% of the target. Other Own Source Revenues recorded a marginal increase from the previous financial years figure of Kshs 12.8 billion to Kshs 13.7 billion an increase of about 7% as a result of robust enforcement measures. The shortfall in revenue is primarily attributed to underperformance of own source revenues and non-remittance of some of the conditional grants. The shortfall in own source revenues poses a constraint to the County's fiscal space therefore underscoring an urgent need for improved revenue mobilization strategies, automation and enforcement measures.

Table 1: Nairobi County Government FY 2024/2025 Revenues

	FY 2023/2024 Actuals	FY 2024/25 Actuals	FY 2024/25 Budget	Growth	% Growth	% Perform
Total Revenues	34,564,173,242	36,159,531,835	40,504,493,951	1,595,358,593	5	89
Equitable Share	20,072,059,113	20,178,712,719	20,179,390,632	106,653,606	1	100
CONDITIONAL GRANTS				0		
Community Health Promoters			224,010,000	0		-
Sweden-Agricultural Sector Dev't Support Programme II	6,507,770			-6,507,770	-100	
Basic Salary Arrears for Health Workers			112,268,649	0		-
CAIP-County Aggregated Industrial Projects			250,000,000	0		-
IDA Credit--Second Kenya Devolution Support Programme KDSP II			37,500,000	0		-
Road Maintenance Levy Fund		120,057,803		120,057,803		
SWEDEN-Kenya Agricultural Business Devt Project		-	10,918,919			
DANIDAGrant-Primary Health Care in Devolved Context	29,048,250	24,521,250	24,521,250	-4,527,000	-16	100
UN Fund for Population Activities-10th Country Grant			8,950,000	0		-
World Bank -Kenya Informal Settlement Improvement Project II	398,671,470	260,000,000	750,000,000	-138,671,470	-35	35
Own Source Revenues	12,812,842,166	13,671,686,551	17,002,380,988	858,844,385	7	80
Cash Balances from previous Fys	1,245,044,473	1,904,553,513	1,904,553,513	659,509,040	53	100

Source: County Treasury,

2.2 OWN SOURCE REVENUES

In FY 2024/2025, the County collected a cumulative total of Kshs.13.7 billion in own-source revenues, against a target of Kshs.17.0 billion. This represents a revenue performance of 80% of the target (**Table 2**). The collection marked a significant improvement from the previous year's performance of Kshs.12.8 billion. The improved performance can be attributed to the following interventions:

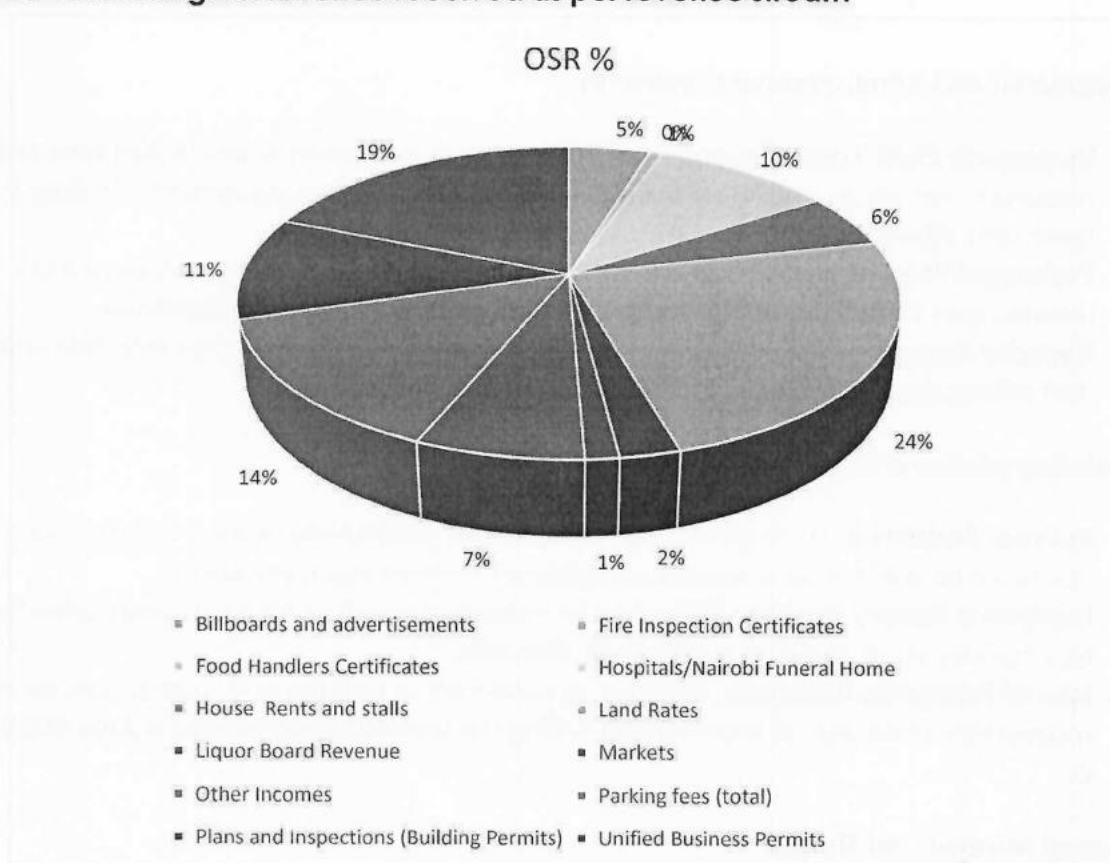
1. **Conducted awareness** campaigns and sensitized the public on online registration and payment of county fees, promoting compliance and highlighting non-payment consequences to boost revenue inflows through streamlined Unified Business Permit formalization via Nairobi Pay, fostering fiscal responsibility among stakeholders and ensuring efficient revenue collection processes across Nairobi City County.
2. **Set precise revenue targets** for sub-counties, wards, and collectors, enhancing accountability, with continuous inspections and enforcement on defaulters minimizing leakages, ensuring timely remittances, and optimizing fiscal outcomes through diligent supervision and robust compliance mechanisms to strengthen Nairobi City County's revenue management framework.
3. **Established mobile laboratories** for health certifications, streamlining compliance for industries and businesses, reducing administrative bottlenecks, and capturing additional revenue streams by expediting certification processes.
4. **Ensured prompt building permit approvals via Nairobi Plan**, followed by rigorous invoice follow-ups and surveillance to confirm compliance, while regularizing unapproved structures in areas like Pipeline and Dandora, capturing untapped revenues and reinforcing fiscal discipline in urban development for sustainable financial health.
5. **Addressed payment and approval system** challenges, digitalizing application, approval, and payment processes for advertising and other streams, eliminating redundancies, enhancing data integrity, and supporting accurate financial reporting to improve operational efficiency and user experience in Nairobi City County's revenue collection systems.
6. **Conducted a census on small-format** adverts and segmented customers by industry and scale for targeted revenue strategies, devolving management to sub-counties, providing transport for field officers, and conducting capacity building to enhance localized oversight and drive revenue growth through data-driven approaches.
7. **Extracted defaulters' lists** for outdoor advertising, served demand notices, and enforced actions post-notice expiry to recover owed revenues and deter non-compliance, strengthening receivables management and reducing bad debts to bolster Nairobi City County's financial position and fiscal accountability.
8. **Enforced parking revenue** through clamping, towing, and gazetting new areas, while enhancing supervision at off-street and bus parking, followed up on government arrears.

9. **Devolved rates** compliance and enforcement to sub-county units and sensitized customers on Nairobi Pay usage, improving localized efficiency and compliance through decentralized operations, empowering grassroots revenue collection, and aligning with principles of effective fiscal management in Nairobi City County.
10. **Formed a Revenue Task Force** and established sub-county customer service centers to strengthen collection efforts and taxpayer support, while enhancing Nairobi Pay functionalities to address gaps, ensuring transparent, efficient, and future-proof revenue processes that foster stakeholder trust and fiscal sustainability.

Table 2.: Own Source Revenues Performance for FY 2024/2025 (Kshs)

	FY 2023/2024 Actuals	FY 2024/25 Actuals Kshs.	FY 2024/25 Budget	Net Change	% Performance
Total Revenues	12,812,842,166	13,671,686,551	17,002,380,988	858,844,385	80
Own Source Revenues	11,469,860,350	11,935,047,992	16,613,380,988	465,187,642	72
Land Rates	3,483,511,667	3,508,605,647	4,750,000,000	25,093,980	74
Parking fees (total)	1,971,655,353	2,029,894,926	2,500,000,000	58,239,573	81
Unified Business Permits	2,394,575,767	2,757,410,305	3,200,000,000	362,834,538	86
Plans and Inspections (Building Permits)	1,234,773,822	1,525,034,810	2,000,000,000	290,260,988	76
Billboards and advertisements	661,616,854	663,870,714	1,250,000,000	2,253,860	53
House Rents and stalls	503,392,053	828,014,981	600,000,000	324,622,928	138
Fire Inspection Certificates	58,338,357	5,315,100	450,000,000	53,023,257	1
Food Handlers Certificates	106,789,406	102,029,724	300,000,000	4,759,682	34
Markets	214,271,356	235,504,129	560,000,000	21,232,773	42
Other Incomes	840,935,715	279,367,656	1,003,380,988	561,568,059	28
Appropriations In aid	1,342,981,816	1,736,638,559	389,000,000	393,656,743	
Liquor Board Revenue	270,747,747	338,591,961	389,000,000	67,844,214	87
Hospitals/Nairobi Funeral Home	1,072,234,069	1,398,046,598	-	325,812,529	

Chart 1: Percentage of revenue received as per revenue stream



2.3: CHALLENGES AFFECTING REVENUE PERFORMANCE

The County's ability to meet its revenue targets in FY 2024/2025 was constrained by a confluence of factors:

a. Systemic and Technological Inefficiencies

- **Frequent Nairobi Pay Downtimes:** Persistent system failures disrupted payment processing, discouraged compliance, and hampered the efficiency of revenue collection teams.
- **Inaccurate and Outdated Databases:** The registers for properties, businesses, and ratepayers remain incomplete and outdated, leading to a narrow revenue base and difficulties in tracking defaulters.
- **Legacy Data Migration:** Delays in fully migrating historical arrears data from the LAIFOM system to Nairobi Pay have impeded comprehensive arrears management.

b. Operational and Administrative Constraints

- **Inadequate Field Tools:** Revenue enforcement and inspection teams lacked essential resources, including vehicles, mobile devices, and monitoring equipment, limiting their reach and effectiveness.
- **Prolonged Procurement Processes:** Bureaucratic delays in procuring necessary tools and technologies stalled the implementation of revenue enhancement initiatives.
- **Capacity Gaps:** Insufficient training and performance management for frontline revenue staff affected collection efficiency and compliance enforcement.

c. Weak Compliance and Enforcement

- **Business Resistance:** Widespread non-compliance, particularly among informal sectors, and resistance to enforcement actions complicated revenue recovery efforts.
- **Ineffective Penalty Regime:** Difficulties in enforcing penalties for non-compliance have led to a buildup of arrears and a culture of impunity.
- **Loss of Perishable Revenues:** Revenue streams such as parking and market fees are non-recoverable once lost, as experienced during the weekly demonstrations June 2025 by Gen Z.

d. External Macro-Fiscal Shocks

- **Public Demonstrations:** The Gen-Z protests significantly disrupted economic activity, leading to the temporary closure of businesses and a direct loss of revenue, particularly from parking and market cess.

Economic Pressures: High inflation and reduced household disposable income diminished the capacity of businesses and residents to meet their county

Table 2.1: Own Source Revenue Projections for 2025/2026 & the Medium Term

	Projections		
	FY 2025/2026	FY 2026/2027	FY 2027/2028
	Kshs.	Kshs.	Kshs.
Total Revenues	21,578,050,589	21,578,050,589	21,828,050,589
Own Source Revenues	19,942,050,589	19,942,050,589	19,942,050,589
Land Rates	6,750,000,000	6,750,000,000	6,750,000,000
Parking fees (total)	3,000,000,000	3,000,000,000	3,000,000,000
Unified Business Permits	3,200,000,000	3,200,000,000	3,200,000,000
Plans and Inspections (Building Permits)	3,070,500,000	3,070,500,000	3,070,500,000
Billboards and advertisements	1,212,000,000	1,212,000,000	1,212,000,000
House Rents and stalls	606,000,000	606,000,000	606,000,000
Fire Inspection Certificates	36,360,000	36,360,000	36,360,000
Food Handlers Certificates	303,000,000	303,000,000	303,000,000
Markets	565,600,000	565,600,000	565,600,000
Other Incomes	1,198,590,589	1,198,590,589	1,198,590,589
Appropriations in aid	1,636,000,000	1,636,000,000	1,886,000,000
Liquor Board Revenue	400,000,000	400,000,000	450,000,000
Hospitals/Nairobi Funeral Home	1,236,000,000	1,236,000,000	1,436,000,000

2.4 UNDERLYING ASSUMPTIONS ON THE REVENUE PROJECTIONS

1. Expanding the revenue base for Nairobi City County involves registering all tenants in the Nairobi Pay platform to ensure comprehensive revenue collection from rental properties, introducing sectional titles to formalize property ownership, registering unlisted landowners to capture previously untapped revenue sources, and targeting the registration of 200,000 new businesses to broaden the tax base. This strategy aims to increase the county's revenue by ensuring all eligible entities are accounted for and contribute to the fiscal pool. By leveraging digital platforms and updated registries, Nairobi City County can enhance transparency, streamline revenue collection processes, and ensure no potential revenue source is overlooked, fostering sustainable financial growth.
2. Enforcing compliance within Nairobi City County's revenue collection framework entails issuing monthly demand notices to ensure timely payments from all revenue contributors, evicting non-compliant tenants who fail to meet their financial obligations, and targeting government arrears alongside illegal advertisers to recover owed funds. This approach strengthens fiscal discipline by holding defaulters accountable and ensuring consistent revenue inflow. By implementing strict enforcement measures, the county aims to minimize revenue leakages, deter non-compliance, and promote fairness in revenue collection. This strategy will also enhance public trust in the county's commitment to equitable and transparent financial management, supporting long-term economic stability.
3. Improving data and systems for Nairobi City County's revenue collection involves regularly cleansing revenue records to ensure accuracy and reliability, linking Geographic Information Systems (GIS) to Nairobi Pay to track non-compliance effectively, and automating billing and

reminders across all revenue streams to enhance efficiency. This strategy focuses on leveraging technology to streamline operations, reduce human error, and improve accountability in revenue management. By maintaining clean, up-to-date data and integrating advanced systems, the county can identify discrepancies, track payments, and ensure seamless communication with revenue contributors. These improvements will enhance operational efficiency, reduce revenue losses, and support data-driven decision-making for sustainable financial growth.

4. Boosting public engagement in Nairobi City County's revenue collection strategy includes running awareness campaigns through SMS, social media, and community barazas to educate residents on their tax obligations, and partnering with residents' associations and SACCOs to foster collaboration and compliance. This approach aims to build a culture of voluntary compliance by increasing public awareness and trust in the county's revenue collection processes. By leveraging diverse communication channels and community partnerships, the county can reach a wider audience, address concerns, and encourage timely payments. Effective engagement will strengthen community buy-in, reduce resistance to revenue collection, and promote a shared commitment to the county's development goals.
5. Modernizing infrastructure for Nairobi City County's revenue collection involves renovating county houses and market stalls to improve their revenue-generating potential, and digitizing market parking and transport-related billing to streamline operations and reduce leakages. This strategy focuses on upgrading physical and digital infrastructure to enhance efficiency and accessibility in revenue collection. By modernizing facilities, the county can attract more tenants and users, increasing revenue from rentals and services. Digital billing systems will minimize cash-based transactions, improve transparency, and ensure accurate tracking of payments. These upgrades will support sustainable revenue growth while improving service delivery and public satisfaction with county infrastructure.
6. Tapping untapped revenue sources for Nairobi City County includes targeting online advertisements, ground rent, and billboard revenue to diversify income streams, and regulating and licensing informal and illegal structures to bring them into the formal revenue system. This strategy aims to capture previously overlooked or underutilized revenue opportunities, ensuring a broader and more resilient financial base. By formalizing unregulated activities and leveraging digital advertising platforms, the county can maximize its revenue potential. This approach will also promote fairness by ensuring all entities contribute to the county's fiscal resources, supporting infrastructure development and public services while reducing dependency on traditional revenue sources.
7. Building capacity for Nairobi City County's revenue collection involves training staff to enhance their skills, assigning clear revenue targets to improve accountability, upgrading systems for better efficiency, ensuring reliable internet access for seamless operations, launching instalment payment options to ease compliance, and establishing sub-county help desks to assist taxpayers. This strategy focuses on empowering human and technical resources to optimize revenue collection. By investing in staff development, modern systems, and accessible support structures, the county can enhance operational efficiency, improve the taxpayer experience, and ensure sustainable revenue growth. These efforts will foster a professional, responsive, and transparent revenue collection framework.

2.5 EXPENDITURE PERFORMANCE

Total actual spending for the period under review stood at Kshs 33.58 billion against a target of Kshs 40.5 billion translating to an absorption rate of approximately 82.9% of the approved budget. Notably, this expenditure excludes a significant expenditure by County health facilities which were funded and utilized at source under the Facility Improvement Fund and are not captured in the IFMIS system. Out of the total expenditure:

- Recurrent Expenditures amounted to Kshs 29.6billion representing 88.2% of the total expenditure.
- Development expenditure was Kshs 3.99billion reflecting an improvement from Kshs 3.268 billion in the FY 2023/2024. This marks a 22.4% increase in development spending year on year, indicating a gradual improvement in the County's capacity to implement development programmes

Despite this progress, the development -to-recurrent ratio remains skewed due to the high operational costs on non-discretionary expenses, highlighting the need for continued efforts to re-prioritize spending towards development in line with the fiscal responsibility principles.

TABLE 6: Total Expenditure for FY 2024/2025

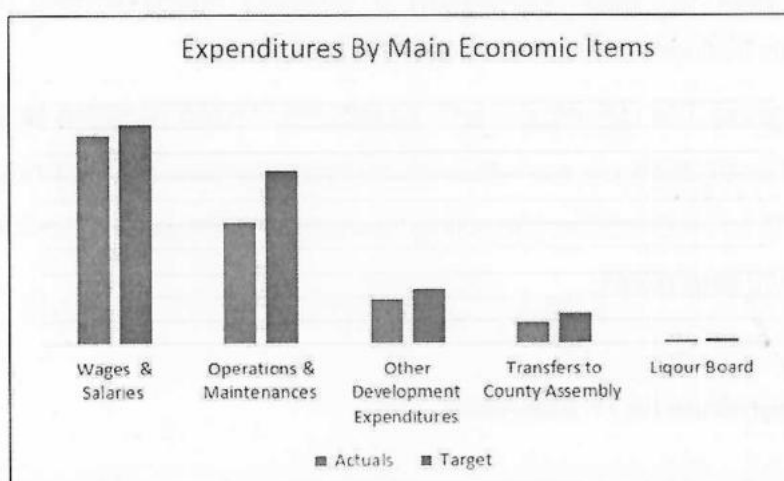
	FY 2023/2024 Actuals	Prior Actuals	Target	Net Change	% Performance
	Kshs.	Kshs.	Kshs.	Kshs.	
Total Expenditures	31,790,533,298	33,583,078,791	40,504,493,951	1,792,545,493	83
1.Recurrent	28,522,154,715	29,592,301,821	35,564,562,876	1,070,147,106	83
Transfers to County Assembly	1,859,024,843	1,720,151,574	2,435,068,628	-138,873,269	71
Wages & Salaries	17,319,812,635	17,438,808,553	18,283,655,326	118,995,918	95
Operations & Maintenances	9,114,052,939	10,146,041,127	14,513,838,922	1,031,988,188	70
Liquor Board	229,264,298	287,300,566	332,000,000	58,036,268	87
2.Development	3,268,378,584	3,990,776,970	4,939,931,075	722,398,387	81
Transfers to County Assembly	86,171,005	135,560,516	203,962,461	49,389,511	66
Other Development Expenditures	3,141,994,531	3,840,185,754	4,678,968,614	698,191,223	82
Liquor Board	40,213,048	15,030,700	57,000,000	-25,182,348	26

Source: County Treasury, 2025

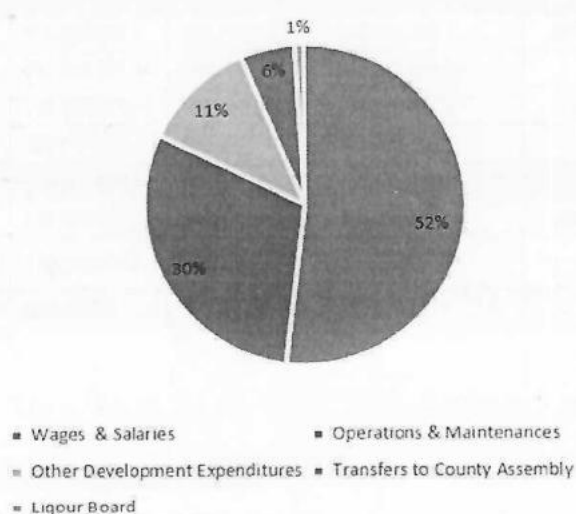
2.5.1 Expenditure by Major Economic Items

During the year under review, out of the total expenditure of Kshs 33.58 billion, wages and salaries for the County Executive accounts for Kshs 17.43 billion or about 52% of the total expenditure or about 48% of the total revenues. The high operational costs is attributable to the county efforts to settle pending bills and other non-discretionary items of expenditures such as insurances, utilities. The high wage bill and the high operation costs continues to constrain the fiscal space for development spending and the county will therefore continue on a fiscal consolidation plan aimed at reducing the operational costs in order to expand the fiscal space for capital programmes.

Table: Total Expenditure By Main Economic Items FY 2024/2025



% Distribution by Economic Items



2.6 Pending Bills

The total outstanding provisional pending bills as at 30th June, 2025 amounted to Ksh 80.8billion compared to the previous balance of Kshs 119.3billion in the FY 2023/2024 representing a decrease of Kshs 38.6Billion. This decrease is largely attributed to write-off of on lent loans and adjustments in pension debts. **Table6.**

In addition, during the year 2024/2025 the County managed to settle pending bills substantial amounts in the midst of the resource constraints occasioned by the underperformance of own source revenues. As the County prepares to transition to the accrual-based accounting, a thorough verification exercise is currently underway to audit the pending bills to establish authenticity.

Table 6: Outstanding Payables as at 30th June 2025

	CATEGORY	Pending Bills Outstanding As at 30th June 2024	Pending Bills Outstanding As at 30th June 2025	Net Change	% Change
A	STATUTORY DEBTS				
	KRA (Principal & Penalties)	898,957,328	642,923,479	-256,033,849	-28.48
	NSSF	285,195,464	235,195,464	-50,000,000	-17.53
	sub-total	1,184,152,792	878,118,943	-306,033,849	-25.84
B	SUPPLIERS & CONTRACTORS				
	Recurrent	10,807,165,812	14,038,165,643	3,230,999,831	29.9
	Development	2,796,399,950	4,756,407,505	1,960,007,555	70.09
	National Bank automation service	336,199,820	0	-336,199,820	-100
	sub-total	13,939,765,582	18,794,573,149	4,854,807,567	34.83
C	LITIGATION COSTS	21,201,501,599	12,395,406,933	-8,806,094,666	-41.54
	sub-total	21,201,501,599	12,395,406,933	-8,806,094,666	-41.54
D	UTILITIES				
	KPLC- Electricity	724,967,163	1,345,391,000	620,423,837	85.58
	Water Bills	234,997,059	234,997,059	0	0
	sub-total	959,964,222	1,580,388,059	620,423,837	64.63
E	LOANS				
	KCB LOAN	4,504,199,426	4,504,199,426	0	0
	NITA	8,288,750	29,795,611	21,506,861	259.47
	sub-total	4,512,488,176	4,533,995,037	21,506,861	0.48
F	PENSION SCHEMES(Laptrust/Lapfund)	54,850,179,763	38,292,408,390	-16,557,771,373	-30.19
	sub-total	54,850,179,763	38,292,408,390	-16,557,771,373	-30.19
G	CONTINGENT LIABILITIES				
	Pension Schemes (Actuarial Deficit)	2,624,000,000	2,624,000,000	0	0
	Government guaranteed loans	15,328,285,000	0	-15,328,285,000	-100
	On lent Water (Foreign Loans)	3,815,640,000	0	-3,815,640,000	-100
	sub-total	21,767,925,000	2,624,000,000	-19,143,925,000	-87.95
H	STAFF COSTS				
	superannuation scheme	20,985,425	10,165,998	-10,819,427	-51.56
	Employee benefits- Retirees	357,275,999	350,061,363	-7,214,636	-2.02
	Unpaid allowances	544,508,804	1,317,207,305	772,698,501	141.91
	sub-total	922,770,228	1,677,434,666	754,664,438	81.78
	Total	119,338,747,362	80,776,325,177	-38,562,422,185	-32.31

NOTE

1. The amount of pending bills reported as at 30th June 2025 are provisional figures. The amount is set to change subject to verification

2. The County suspended the government guaranteed outstanding loan inherited from the defunct CCN until arbitration by the IGTRC
3. The outstanding lap fund amount was reduced from 27Billion to 8.2Million upon a court consent in the year 2023. The reduction reduced the amount owed to the pension fund scheme

2.7 FY 2024/2025 FISCAL PERFORMANCE IN RELATION TO FINANCIAL OBJECTIVES AND FISCAL RESPONSIBILITIES PRINCIPLES

The Key financial objectives outlined in the County Fiscal Strategy Paper 2024 includes:

- i. Enhancing revenue mobilization by expanding the revenue base, digitizing collection systems, and improving compliance enforcement; Revenue performance in FY 2024/2025 significantly improved from the previous FY 2023/2024 but however remained below target. The County will continue with the revenue administration reforms in the current year and the medium term to scale up revenue performance.
- ii. Improving efficiency in public spending through better prioritization and absorption of the development budget. The County has entrenched the use of electronic procurement to improve the efficiency in procurements and ensured value for money.
- iii. Strengthening fiscal discipline by controlling growth in recurrent expenditure and adhering to approved budgets. The high recurrent expenditure continues to limit the fiscal space and therefore there is need to accelerate the fiscal consolidation plan aimed at reducing the operational costs to expand the fiscal space for development spending. This will be achieved through the entrenchment of the Zero Based Budgeting Techniques across all County entities.
- iv. Increasing the share of development spending to support infrastructure development and service delivery. Development spending in FY 2024/2025 increased from the previous FY figure of Kshs 3.268 to Kshs 3.99 billion an increase of 22.4%. However, the overall development ratio to total revenues remained low due to the cost of recurrent expenditures and most

notably the wages and salaries.

- v. Ensuring transparency and accountability in budget execution and reporting. The has ensured timely reporting in accordance with Public Finance Management Act 2012 on budget execution through preparation of various quarterly reports.

2.7.1 Adherence to Fiscal Responsibility Principles

The County largely complied with the fiscal responsibility principles of maintaining recurrent expenditures below total revenues, maintaining a balanced budget and keeping debt levels at sustainable levels by .However, the high recurrent expenditure to development spending remains a challenge to resource efficiency and long term sustainability because the continued increase in nondiscretionary expenses such as wages ,utilities will have a negative impact on the County's capacity to deploy adequate resources for development.

Additionally, continued efforts are necessary to improve financial transparency to the public particularly to capture all appropriations in aid and ensuring they are properly accounted for. In addition, to enhance fiscal discipline measures will be put in place to ensure expenditures are aligned with approved budget ceilings and minimize the possibility of further accumulation of pending bills. This will be achieved by strengthening budget execution controls to ensure alignment of expenditure commitments with approved ceilings.

2.8 ACHIEVEMENTS IN PROGRAMMES/PROJECTS IMPLEMENTATION.

Sector Achievements in the FY 2024/25

This sections describes the sector performance in terms of key outcomes achieved and key services provided for the FY 2024/2025

Sector Programmes Performance

2.8.1 MOBILITY AND WORKS.

Mobility

i. Traffic & Parking Management

In the period under review, the Directorate for Traffic and Parking Management marked 20km of roads which includes street lanes and pedestrian crossings and installed 210 traffic signs to enhance road safety. To enhance accessibility and reduce congestion in the lower CBD, the Directorate reorganized 7 streets and improved 2 junctions. To regulate public and privately operated car parks in order to reduce congestion and enhance revenue in accordance with Nairobi City County Transport Act 2020, the Directorate developed Car park licensing, Car Parking Standards and Designated Areas Parking regulations which are at the tail end of finalization and operationalization. Other regulations include developed include Low Emission Zones to reduce pollution and encourage shift to use of more environmentally friendly automobiles such as electric and hydrogen powered vehicles and Traffic Impact Assessment regulations aimed at preventing traffic congestion from new developments and making developers pay for any mitigation works

ii. Transport Infrastructure

In the period under review, the Directorate for Transport management constructed 18 public transport facilities and expanded 29,780 meters squared of walkways to enhance access to public transportation. The sector also developed six regulations that included the permit to operate public transport termini, fare table regulations, terminal regulations, motor cycle regulations, tuk tuk regulations and the taxi cab regulations. The directorate also developed and gazetted the bus route network plan for Nairobi.

Works

i. Energy and Lighting.

In the period under review, the Directorate for Energy & Lighting increased the installation of street lights by 1,105 No. through installations in various sub

counties in Nairobi.

The Directorate also maintained 69,290 No of street and public lights in the 17 sub counties. The installations and maintenance greatly improved security and safety of the people of Nairobi as they are able to walk freely in the night. Small scale traders are also able to operate late into the night as they feel more secure. This is confirmed by the many positive responses by many stakeholders after the works are done.

ii. Public Works.

In the period under review, the Structural Engineering Services achieved the following: -

- a) Commenced construction of 2 No Motorable bridges at Eastleigh South, and Dandora IV.
- b) Completed construction of 2 No foot bridges at Njiru and Ruai and 1 No. footbridge was on-going

Building Works Services maintained all institutional facilities 100% and undertook 485 No. installations and fabrications

iii. Roads and Storm Water Drainage

Directorate of roads undertook construction and maintenance of roads and storm water drainages across the 85 wards of the county with an aim of improving the road network and increasing mobility, safety and accessibility. During the period under review the directorate constructed over 6.0KM of storm water drains, improved 3.0 KM of roads from gravel to bitumen standards, graveled 122KM of earth roads to improve the riding surface and maintained 181KM of existing tarmac roads through base repairs, regulation patchwork and overlay works. The Directorate also replaced 23 No. Road names that had either been stolen or vandalized and 165 Manholes covers that were either broken or vandalized

2.8.2 HEALTH, WELLNESS AND NUTRITION

In FY 2024/2025, the Nairobi City County Health, Wellness & Nutrition sector recorded notable achievements across preventive, promotive, curative, and infrastructural programs. HIV-related indicators improved, with mother-to-child transmission reduced to 5% and over 934,000 people tested. TB prevention saw over 4,598 clients put on preventive therapy, while malaria reporting rates remained at 100%. Community health services expanded to 782 functional units, reaching nearly 2.5 million households with health messages and referring over 112,000 people to facilities.

School health interventions vaccinated 255,625 learners against HPV and dewormed 576,609 children. Non-communicable disease control scaled up, screening over 1.67 million clients, treating 124,522 for hypertension, 52,290 for diabetes, and screening 95,776 women for cervical cancer. Mental health services reached 22,106 people, with psychotropic drugs accessed by 53,941 clients and 22 rehabilitation centres established.

Medical services strengthened GBV response, with 25,352 survivors accessing care in 496 facilities. Rehabilitative care benefited 9,181 children with developmental delays and issued over 4,100 assistive devices. Diagnostic capacity improved with installation of 4 MRI machines, 8 CT scans, and expansion of ultrasound services to 50 facilities. Emergency services grew to 53 ambulances and 3 emergency operations centres.

In nutrition and wellness, 4 satellite human milk banks were established, 476 facilities implemented nutrition assessment and counselling, exclusive breastfeeding rose to 93%, and school feeding infrastructure expanded with 14 centralized kitchens and serving sheds.

Infrastructure development included completion or near-completion of facilities such as Pumwani Majengo Health Centre, multiple dispensaries, perimeter walls for facilities, and procurement/installation of water purifiers in 6 health facilities. Some capital projects stalled due to funding or contractual issues, but overall service delivery targets were largely met or exceeded, with many programs achieving well beyond planned outputs.

2.8.3 GREEN NAIROBI (Environment, Water and Sanitation)

During the reporting period, the Green Nairobi Sector made significant progress across solid waste management, parks and open spaces, environmental compliance, and climate change initiatives. Solid waste collection increased from 1,500 to 1,800 tons daily, supported by 56 citywide clean-ups, 12 waste management sensitization campaigns, 13 stakeholder forums, and the maintenance of access roads, a weighbridge, and heavy equipment at Dandora dumpsite, alongside the creation of an additional dumping cell and targeted engagement with waste pickers. In parks and open spaces, the County maintained key recreation areas such as Jeevanjee Gardens, Kamukunji Grounds, Uhuru Park, Central Park, and City Park, landscaped medians and roundabouts, propagated 370,000 flower seedlings, and developed a draft Urban Greenery Bill. Environmental monitoring efforts included drafting the County Noise and Excessive Vibration Bill, conducting 42 awareness sessions, training 120 enforcement officers, implementing the Public Nuisance Act 2021 and the Noise and Excessive Vibration Act 2009, and leading 64 community environmental initiatives alongside celebrations of World Water Day and World Environment Day. On climate change and air quality, the County finalized and gazetted the Climate Change Act, completed the Climate Change Policy and Air Quality Regulation drafts, expanded air quality monitoring stations from 37 to 87 (including two new reference stations), established a cold storage facility at City Park Market, held 12 climate change awareness campaigns, mapped areas for an Urban Heat Mitigation Strategy, and collaborated with stakeholders on Nairobi River conservation designs.

Water and Sanitation sub-sector achieved notable progress in service delivery. The sub-sector monitored equitable water distribution through stakeholder engagement and finalized the Water and Sanitation Strategy 2022–2027, following the 2023 draft. An internal review of the Water and Sanitation Policy and Bill was conducted in partnership with WSUP and APHRC, and quarterly principal and wider stakeholder forums were held. In collaboration with WSUP, a Shit Flow

Diagram was developed to indicate the status of safely managed faecal matter, while a detailed report on the physical status and management framework of public toilets was prepared.

On infrastructure, the sub-sector completed a 2.5 km simplified sewer extension at Kwa Reuben, drilled and equipped one borehole at Umoja I Primary School, and procured 200 water tanks of 10,000 litres each. UNICEF-supported works at Loco and Sinai, including tank installation and reticulation, were completed, and one ablution block was constructed with UNICEF support. Environmental interventions included several river clean-ups in partnership with NEMA and the Nairobi Rivers Commission.

Regulatory achievements included the registration of 3,800 water and sanitation vendors against a target of 4,000. Revenue collection for FY 2024/25 from public toilet management and borehole drilling amounted to Ksh. 4,410,000

2.8.4 FOOD, AGRICULTURE AND NATURAL RESOURCES

To strengthen agricultural food safety, the sub sector certified 264 compliant meat carriers, conducted ante and postmortem inspections in 26 abattoirs, and held 26 sensitization forums for 1,107 meat traders. It ensured 100% inspection of over 1.8 million animal products at City and Burma markets, carried out 792 fish inspections across 17 sub-counties—exceeding the target—and licensed all compliant fish dealers.

During the 2024/2025 contract period, the sub sector achieved 74.44% of its food and nutrition security targets by offering extension services to 9,686 farmers across crops, livestock, fisheries, and veterinary fields through farm visits, trainings, and demonstrations in 17 sub-counties. It also established 246 demonstration plots at Jamhuri Park for the upcoming Nairobi International Trade Fair and reached 2,218 clients with agricultural information during the 2023 Trade Fair. However, planned food security surveillance in three informal settlements was not conducted due to lack of funds.

The sub sector achieved 100% of its targets in managing crops, animal, and zoonotic diseases by conducting five dog control awareness forums in selected

sub-counties, vaccinating 1,411 animals, and licensing 1,391 dogs across all 17 sub-counties. Additionally, all compliant livestock movement requests were processed, animal health surveillance was fully implemented through the Kenya Animal Bio Surveillance System (KABS), and two armyworm traps were serviced in Lang'ata and Kasarani sub-counties.

The sub sector through food system conducted two food waste management trainings, coordinating one Food System Dialogue, and monitoring 12 mini-grant beneficiary groups. It also held a County Food Liaison Advisory Group (FLAG) meeting to enhance stakeholder collaboration, conducted two MUFPP steering committee meetings, and completed the Monitoring and Evaluation Plan for the Nairobi City County Food System Strategy 2022–2027. Progress was also made on key policy documents, with the Urban Agriculture and Food Systems Bill at 30% and the revised Urban Agriculture, Livestock and Fisheries Policy at 25%, while development of a contingency plan reached 10% following the engagement of a consultant.

During the 2024/2025 contract period, the sector achieved 13% implementation of the National Agriculture Value Chain Development Project (NAVCDP) by supporting the development of the Nairobi City County Urban Agriculture and Food Security Bill and conducting a secondary data review for urban food systems. Under environmental sustainability, the sector engaged stakeholders in environmental conservation, planted 52,723 tree seedlings in public spaces, riparian areas, and institutions, and issued 100% of tree cutting, pruning, and movement permits to compliant applicants. During the reporting period, the Green Nairobi Sector made significant progress across solid waste management, parks and open spaces, environmental compliance, and climate change initiatives. Solid waste collection increased from 1,500 to 1,800 tons daily, supported by 56 citywide clean-ups, 12 waste management sensitization campaigns, 13 stakeholder forums, and the maintenance of access roads, a weighbridge, and heavy equipment at Dandora dumpsite, alongside the creation of an additional dumping cell and targeted engagement with waste pickers. In parks and open spaces, the County maintained key recreation areas

such as Jeevanjee Gardens, Kamukunji Grounds, Uhuru Park, Central Park, and City Park, landscaped medians and roundabouts, propagated 370,000 flower seedlings, and developed a draft Urban Greenery Bill. Environmental monitoring efforts included drafting the County Noise and Excessive Vibration Bill, conducting 42 awareness sessions, training 120 enforcement officers, implementing the Public Nuisance Act 2021 and the Noise and Excessive Vibration Act 2009, and leading 64 community environmental initiatives alongside celebrations of World Water Day and World Environment Day. On climate change and air quality, the County finalized and gazetted the Climate Change Act, completed the Climate Change Policy and Air Quality Regulation drafts, expanded air quality monitoring stations from 37 to 87 (including two new reference stations), established a cold storage facility at City Park Market, held 12 climate change awareness campaigns, mapped areas for an Urban Heat Mitigation Strategy, and collaborated with stakeholders on Nairobi River conservation designs.

Water and Sanitation sub-sector achieved notable progress in service delivery. The sub-sector monitored equitable water distribution through stakeholder engagement and finalized the Water and Sanitation Strategy 2022–2027, following the 2023 draft. An internal review of the Water and Sanitation Policy and Bill was conducted in partnership with WSUP and APHRC, and quarterly principal and wider stakeholder forums were held. In collaboration with WSUP, a Shit Flow Diagram was developed to indicate the status of safely managed fecal matter, while a detailed report on the physical status and management framework of public toilets was prepared.

On infrastructure, the sub-sector completed a 2.5 km simplified sewer extension at Kwa Reuben, drilled and equipped one borehole at Umoja I Primary School, and procured 200 water tanks of 10,000 liters each. UNICEF-supported works at Loco and Sinai, including tank installation and reticulation, were completed, and one ablution block was constructed with UNICEF support. Environmental interventions included several river clean-ups in partnership with NEMA and the Nairobi Rivers Commission.

Regulatory achievements included the registration of 3,800 water and sanitation

vendors against a target of 4,000. Revenue collection for FY 2024/25 toilet management and borehole drilling amounted to Ksh. 4,410,000

2.8.5 BUSINESS AND HUSTLER OPPORTUNITIES

In the period under review, the Business and Hustler opportunities sector initiated the construction of the 2nd of the 20th new markets which are fully funded by the County Government, these are Dandora E & Miraa Market. The 4 Ongoing projects of Karen, Mutuini, Kahawa West & Jujo progressed well. The Sector also rehabilitated 3 markets i. e Kangundo road perimeter wall & electricals, Kayole 1, Jogoo road, New Pumwani & Njiru perimeter wall. The Directorate of Trade Licensing registered and licensed 330,562 businesses, an addition of 110,562 businesses. The Directorate realized Ksh.2.66 Billion in revenue from Unified Business Permits (UBP). The Directorate also inspected 13,048 businesses premises. It also enforced 4,958 for compliance of UBP defaulters. In addition, the Department created awareness of UBP by placing 2nd advertisement in the media on Unified Business Permits. The directorate of weights and measures carried out continuous verification of traders' measurement equipment and verification of 18,226 weighing and measuring instruments. 395 compliance inspections to ensure proper use of measurement equipment were carried out at trade premises against a target of 350 visits. Assessments for prepackage conformity with regulations were done and 80 assessments against a target of 50 were achieved. This was to ensure fair trading among packers and that consumers are protected. The department participated in public awareness programs and 15 programs were done including advertisement of stamping stations bi-annually having had a target of 5 programs in the period under review, the Directorate of Trade and Industry managed to have the CAIP designs approved, identified list of machines and their estimated costs, work plan, 3D architectural and carried out public participation. The Directorate initiated the formulation of 2nd Policies - Markets and Trading Services Policy; Trade, Industry and Investments Policy. Additionally, the Directorate held the Halal Food Expo, Valentine's Day Expo, Nairobi International Trade Fair 2024 and also held stakeholder engagements with private

and Government sector; KAM, Kenya National Chambers of Commerce and Industry (KNCCGI), Ministry of Investment, Trade and Industry and Ministry of Cooperatives and MSMEs. Moreover, stakeholder meetings were done for the uptake of Kariokor Common User Facility. In the period under review, the Gaming & Betting programme targeted to increase compliance of all Casinos in the County from no. 20 to no. 22 through licensing, daily supervision and monitoring to ensure adherence to norms and standards. This was achieved 100% leading to a controlled and regulated Gaming industry.

In the period under review, the Directorate of Micro, Small and Medium Enterprises Development (MSMEs) reviewed the existing Biashara stimulus programme concept note and presented the same to cabinet as cab memo on 27th November, 2024. The Cab memo was seeking for approval of implementation of the programme from earlier proposed as a fund to a programme. The cab memo also sought for approval of hiring of 30 additional technical officers to support monitoring and evaluation of the programme at the ward level. Both requests were granted approval. Contract signing between County and the Capacity Building is done. Contract with the Financial partners is at the tail end preceding the official launch of the programme. In an effort to also build capacity for the MSMEs Directorates technical officers, the capacity building partner undertook a Trainers of Trainers (TOT) training to all the existing 39 Micro and Small enterprise development officers in the year under review. Lastly, in an effort to enhance market linkages for Micro and small enterprises (MSE) in the County, the MSMEs Directorate facilitated and sponsored 60 MSEs to participate in various Trade fairs and exhibitions. In the period under review, the Liquor Licensing targeted to regulate and control the manufacture, sale and consumption of alcohol in the County. At the end of the plan period, the directorate managed to sensitize youth on alcoholism and various stakeholders on compliance with the liquor laws through sensitization programmes and stakeholders' meetings. In collaboration with internal and external stakeholders, inter-agency enforcement operations were conducted to improve the compliance with Liquor laws. 4,437 No. liquor licenses were issued to the compliant

liquor outlets and 6No. trainings were conducted to the staff in order to improve the service delivery. In the year under review, Co-operative audit targeted to do 650 statutory audits, 70 interim audits, present 650 registered accounts in AGMS, raise 15Millions audit fee, design 1(one) financial manual and train board members of 200 societies. The department managed to do 632 statutory audits, 32 interim audits, presented 611 audited reports in AGMs, raised 14.6M audit fees, designed 1 (one) tax manual and trained board members of 189 Co-operative societies

2.8.6 BUILT ENVIRONMENT AND URBAN PLANNING

During the period under review, the sector successfully recruited 32 staff members and trained 45, thereby enhancing work efficiency and improving service delivery within the Sector and to the citizens of Nairobi. During the review period, the subsector, in its efforts to ensure proper land use and development control, developed a number of policies, including: Nairobi County Land Use and Property Addressing System and Street Naming Policy (75% completion), Green Building Policy (50% completion), Urban Planning Policies for hotels and restaurants, medical clinics, and petrol service stations Nairobi County Regularization of Unauthorized Developments Bill, which has been approved by the county assembly. To streamline and accelerate the approval of development applications, through the Nairobi Planning Development Management Approval System (NPDMS), the subsector processed a total of **7,468** development applications amounting to over Ksh **2.8 B**

In addition, to ensure safety and compliance, the subsector conducted routine surveillance and statutory inspections in line with building regulations. A total of 17 sensitization forums were held, one in each of Nairobi's 17 sub-counties. Furthermore, targeted regulatory programs were carried out in selected areas to enforce strict adherence to building standards. At the end of the planning period, 941 enforcement notices were issued and 1290 no. court cases filed on non-compliant developments. Further through the Physical and Land Use Liaison Committee, the sub-sector received 26 no. of appeals on planning matters.

During the review period, the subsector worked to improve living conditions, shelter, and affordable housing for Nairobi residents. This was achieved through the renovation of county rental houses, expansion of housing stock, improvement of infrastructure and services, slum upgrading initiatives, and effective management of pre- and post-project activities. During the review period, the subsector carried out surveys on 1,515 parcels of land and completed 100% of the planned infrastructural surveys. Additionally, 5,600 parcels were digitized, and land registration documents were compiled and forwarded for lease preparation in areas such as Dandora, Mathare North, Umoja, Kayole, Kahawa West, and Block Y Umoja, totalling 1,775 documents.

2.8.7 DISASTER MANAGEMENT AND COORDINATION

In the period under review, the sub-sector successfully attended to all emergency calls received, reduced response time by an average of 8 Minutes. Reduced fire risk by conducting 6 public awareness programs. Increased Compliance with fire safety by inspecting 9728 premises. Conducted 7 No. capacity building sessions with stakeholders and emergency responders. Trained 100 firefighters, 60 DMOs, and 60 fire marshals.

2.8.8 FINANCE AND ECONOMIC PLANNING

In the period under review, the revenue department targeted to increase revenue collection by achieving 100% of the financial year targets of Ksh. 21.0 Billion in OSR. At the end of the planned period, the department managed to increase its own sources revenues by 64 % by collecting Ksh. 13.6 Billion. this is an increase of 0.8 Billion as compared to the FY2023/2024 where the County collected 12.8 Billion. The county has continued with upward trend of collecting the highest OSR figure of Ksh. 13.6 Billion which is the highest ever collected by County and in the Country. The county also introduced 2 more one-stop customer service points which has improved on service focus and reduced the customer journey.

For the Accounting services, four previous years audit reports were considered by the Public Accounts Committees of the Senate and County Assembly. This was as

a result of timely compilation of responses to audit queries, provision of subject documents and honoring committees summons. The economic planning department established and operationalized the PPP units to enhance coordination of projects under PPP arrangements as a mechanism for external resource mobilization.

2.8.9 OFFICE OF THE GOVERNOR

In the period under review, the sub-sector achieved key milestones, the County Executive and administrative organs of the County Government were set up in compliance with the Constitution of Kenya, the County Government Act, 2012 and other enabling provisions of law. In this regard a 10-member County Executive was constituted by His Excellency the Governor in exercise of his powers provided under section 30 of the County Government Act thus fulfilling his primary obligation as Governor of the County. The County Executive continues to discharge its constitutional mandate of policy formulation and implementation of both County laws and policies. The committee sits regularly to consider, review and take governance decisions that continue to provide leadership on policy issues for all County Government entities. Various supporting entities have been activated to enhance effective service delivery across various functions of the County Government. These include; the Council of Advisors, the County Budget and Economic Forum, the Nairobi Revenue Authority Board and the Nairobi City Physical and Land Use Planning Liaison Committee among others. The offices of County Chief Officers were established and competitively filled bringing a total of 33 Chief Officers in post who continue to guide various sub-sectors towards the County's Vision of "A City of Order, Dignity, Hope and Opportunity for all". The Governor's taskforce on Health transformation was formed to look into necessary reforms towards turning around the Health sector into a responsive, fit for purpose and effective provider of healthcare services to the people of Nairobi. The taskforce completed its work and submitted a report that continues to be implemented in all the facets of healthcare administration in the City. The four Level 4 hospitals in the County namely Pumwani, Mama Lucy, Mbagathi and

Mutuini are today run by full time Chief Executive Officers under hospital boards of Management. This has had tremendous positive impact in the quality of services provided in those facilities.

2.8.9.1 OFFICE OF COUNTY SECRETARY AND HEAD OF PUBLIC SERVICE

During the FY 2024/25, the department planned to provide more office space to the county staff with an intention of improving the working environment. The department partitioned 5 floors (22nd, 23rd, 24th, 25th and 26th) of the rented space at CBK pension towers. The partitioned floors have been certified by the building services. 22nd, 23rd and 24th are now occupied and 25th and 26th are now ready for occupation, improved the working conditions of staff at the annex building. 14th floor was completed and occupied, commenced the construction of the County house and executive offices at Lady Northey. Procured and installed a heavy-duty generator to provide power back up during blackouts/rationings at City Hall. Created and maintained County Database on research and county policies, disseminated 3 research findings to the sectors for implementation and also began the process of establishing Research and Policy Development desks in the 10 sectors.

During the period under review, the Efficiency, Monitoring and Evaluation Department Conducted 20 Integrity Tests, monitored and Evaluated the outcome of 190 special projects, sensitized 1500 staff on Ethics, Integrity and National Ethics on Staff Code of Conduct of Ethics. The CEC Secretariat conducted 33 CEC meetings, 3 CCO's meetings and 1 County directors' meeting. The Performance directorate coordinated the development of performance contract targets for FY2024/2025 for 10 Sectors. It also coordinated the signing of sectors, sub sectors and directorates performance contract documents. A total of 146 No. PC documents were signed and linked to performance appraisal. The sub sector further monitored the implementation of set targets and prepared quarterly and annual reports, analyzed and disseminated feedback to sectors.

2.8.9.2 SECURITY AND COMPLIANCE

In the planned period, the Sub-Sector achieved the following:- increased compliance to law and order by controlling hawking menace within the county boundaries and removing illegal structures. Increased public involvement and accountability by 40% by engaging both internal and external stakeholders on crime management. Reduced congestion and restored order by 80% by controlling traffic, impounding Motor vehicles causing obstruction and manning public transport stages / termini. Guarding county institutions and installations, Trained and deployed Officers. Reduced crime by carrying out investigations, analysed & disseminated relevant information for action and apprehended suspects.

2.8.9.3 AUDIT

In the financial year under review the internal audit department carried out review and compiled audit reports for consideration by Audit Committee. The audit committee met in each quarter as required by the law. Similarly, both auditors and audit committee were trained.

2.8.9.4 BOROUGHES AND SUBCOUNTY ADMINISTRATION

In the period under review, the sector made significant progress in service delivery, infrastructure development, and capacity building, despite facing budget utilization challenges. The recurrent budget absorption rate stood at 68.8%, with underutilization largely attributed to pending bills, delayed procurement, and staggered payment schedules. Development expenditure presented an anomaly, with Ksh. 223.6M spent against a supplementary allocation of Ksh. 50M, indicating possible over-expenditure or rollovers requiring clarification.

Key achievements included conducting 52 public participation forums, continuous stakeholder engagements, completion and approval of the Boroughs Formation SOP, and finalization of the Boroughs Establishment Blueprint.

Infrastructure works advanced, with the Southern Borough Office reaching 35% completion, commencement of the Northern Borough Office, procurement of cleaning materials, acquisition of building materials for five Ward Offices, and renovation of City Hall Annex offices. The sector also enhanced grassroots service delivery through staff deployment, supervision of all devolved activities, recruitment of 26 Ward Administrators, and provision of working tools.

Capacity building remained a priority, with training provided to over 500 staff on customer care, gender mainstreaming, HIV/AIDS management, ICT, and pre-retirement planning. Going forward, the sector must improve budget execution through better alignment of allocations, procurement, and timelines; ensure transparency in development funding; prioritize completion of borough offices; and sustain investment in staff skills to enhance service delivery.

2.8.10 PUBLIC SERVICE MANAGEMENT

In the period under review, the sub-sector achieved key milestones, held (6) six number Sectorial /departmental Training and Development Committees meeting in the following Sectors/departments; Security and Compliance, Innovation & Digital Economy, Borough & Sub county Administration, Administration Department, Legal Department, Health, Wellness and Nutrition; Implemented of the Competency Framework and Training Needs Assessment in three areas (Technical, Professional and Strategic); trained (local/ overseas/ short courses/ workshops/ seminars). Sensitized 3037 No. of staff on various areas e.g. performance contract, national values, Alcohol abuse, financial management, gender and disability mainstreaming, HIV AIDS, fire safety etc. Inducted 609 No. newly recruited employees drawn from the following sectors/Department; - Trade, Lands, Public Service, Health, Wellness and Nutrition, Urban Planning, Sub county Administration and Legal Department, attached 4,739 No. students in various Sectors and Departments from various universities/colleges from July 2024 to June 2025 to gain experience; Updated 2,279 no Personal Files in the skills inventory (O'Level/ certificate/ diploma/degree/masters/Phd) and a

report prepared; Prepared Performance Appraisal System Reports (Mandates and End Term Reports and issued 17,000 PAS forms in Sectors/Department, constructed a perimeter wall at the Dagoretti Training School at Ksh. 7.8M

The directorate of Compensation and Benefits On boarded of 3853 new staff into County payroll, on boarded of 18,232 staff into Jubilee Medical Insurance scheme during the 3-month contract and the 12-month contract. Conducted a staff biometric registration for 17,706 staff out of 18,232 staff registered under JHIL medical insurance scheme. Migrated 19,280 staff from NHIF to SHA portal as at 30th June 2025, processed salaries for July 2024 to 30th June 2025 and submission to Finance for processing out of which July-April fully paid, May Partly paid and June 2025 remains unpaid

2.8.11 OFFICE OF THE COUNTY ATTORNEY

During the period under review, the sector successfully Completed the renovation and the repartition of its offices on 12th Floor, City Hall Annex and 1st Floor Main City Hall (County Attorney's Office). Recruited and deployed 42 Counsel in various departments of the OCA and other County Sectors. Successfully defended 51 civil matters out of the 64 matters which were concluded during the financial year. One of the major cases is **PPARB Application No. 94 of 2024: The Kenya Alliance Insurance Company Limited –vs- Nairobi City County & Another**, which was in relation to **Tender No. NCCG/PSM/T/001/2024-2025** worth **Ksh. 1,495,474,577.00** for the provision of Comprehensive Medical Insurance, Group Life and last expense cover for State and Public Service Officers for Nairobi County. The Public Procurement Administrative Review Board dismissed the request for review and Ordered Nairobi City County to proceed with the procurement process. Defending the 415 matters which were received and registered in the year under review. Assessed and re-assessed 97 case files in which the external advocates claimed **Ksh. 4,891,287,918** but was assessed to scale in accordance to the Advocates Remuneration Order to **Ksh. 2,293,414,983** thus saved the county **Ksh. 2,597,872,935.00**. Verified eligible decrees.

Successfully reviewed and executed 40 MOUs out of the 59 which were received. Prepared four (4) Joint venture agreements and One Hundred Seventy-One (171) Contracts. Proffered 58 legal advisories on legislative matters following requests from the County Sectors. Facilitated the review of 14 pieces of legislation.

Prepared 2 guidelines and 1 regulation relating to the Nairobi City County School Feeding Programme and County Public Participation. Published two (2) Acts (Nairobi City County Climate Change Act, 2024, and Nairobi City County Persons with Disability Act, 2025) and one (1) Regulation (NCCG Food Safety and Fortification (Street Food Vending) Regulations, 2024). Attested to 600 leases and four consents. Executed 11 no bonds. Conducted research on various laws that culminated into advisories to the Sectors. Coordinated 1050 No of instructions from the Sectors for County Matters.

2.8.12 TALENTS SKILLS EDUCATION AND CARE

Early Childhood Development and Education: In the period under review, the ECDE programme targeted to build 18 additional schools in informal settlements, increase access and retention of 35,000 learners by providing Capitation grants, etc. At the end of the planned period, the programme managed to complete 2 ECDE centers (Zawadi, Starehe and Kiboro Perimeter wall). This has benefited 600 learners.

2.8.12.1 Vocational Education and Training

In the period under review, the VTC programme targeted to construct additional of 1No VTCs infrastructure, rehabilitate (6No) existing VTC infrastructure, and improving the quality of Vocational training by 11No. At the end of the plan period, the programme managed to rehabilitate 3 No of existing VTCs. This has benefited (2344 No of youth with technical skills).

Bursaries and Scholarships

In the period under review, the Bursaries and Scholarships programme targeted to increase access to secondary and Tertiary Education by providing 124,256 learners with Scholarship & Bursary, etc. At the end of the plan period, the

programme managed providing 81, 500 learners with Scholarship & Bursary.

2.8.12.2 Children and Rehabilitation Services

In the period under review, the Children and Rehabilitation Services programme targeted to provide care and protection to 250No of Rescued and Rehabilitated street and other vulnerable children, provide psycho-social care and support to 300 no. of children, and Reintegrate, Re-socialize and Place of 100 No. rehabilitated children/youth. At the end of the planned period, the programme managed to care and protect 250no of children, provided psycho-social support to 300 number of children, and re-integrated 50 number of children. Family and Social Welfare

In the period under review, the Family and Social Welfare programme targeted to promote Family and social Welfare by organizing 12N0.family welfare clinics, provide psychosocial support to 2,800No. clients, provide care and protection to 325No.older persons, empower 250N0.vulnerable

households/families, undertake 4No. social work exchange programs, develop 1No.Nairobi City County Older Persons Welfare Policy and Train and debrief 23No.personel working with vulnerable persons etc. At the end of the plan period, the programme managed to enhanced family stability and enhanced support systems for 5400No. families directly and over 10,000 indirectly.

2.8.12.3 Community Development

In the period under review, the Community Development programme targeted to capacity build 100 community group participants in group development and dynamic, conduct 6 peer learning sessions for community groups, monitor the progress of 400 community groups and create market connectivity for the community groups through organizing 5 community exhibitions. At the end of the plan period, the programme managed to train 196 community participants, conduct 7 exchange programs, conduct 489 group monitoring sessions and organize 7 community exhibitions.

2.8.12.4 Control of Drugs and Pornography

In the period under review, the Control of Drugs and Pornography programme targeted to establish the drugs and pornography control unit and build capacity for 23 staff members, etc. At the end of the plan period, the programme managed to establish the unit and capacity build (xyz No) staff members and reach out to (xyz No) community members.

2.8.12.5 Youth Affairs

In the period under review, the Youth Affairs programme targeted to establish a Youth Innovation Hub at the Youth Centre, establish a data base of Youth groups and Youth Serving organization, Capacity Building of 300 youth, Conduct sensitization forums on topical issues affecting youth, develop a refugee integration and community building strategy and Complete the county youth policy. At the end of the plan period, the programme managed to establish a Youth I Hub at the Youth Centre, Capacity Building of over 650 youth, Conduct sensitization forums on topical issues affecting youth, develop a Draft Refugee Integration and Community Building Strategy and developed a road map to complete the County Youth Policy.

2.8.12.6 Sports Services

The main objective of the department was to promote sports through establishment of sports infrastructure and talent development. In the period under review, the department of sports targeted 4No. sports facilities and achieved the 3 namely Dandora stadium, Uhuru Sports Complex, and Mwiki Phase I. targeted 1No. Sports academies and achieved 2 namely football and table tennis at Joe Kadenge stadium, targeted 5No. Basketball courts achieved 2 i.e. Jericho and Umama, targeted Rehabilitation of 3No. play grounds and achieved 2 namely Umoja I Tena, and Jericho, targeted to identify and nurture 100No. youth with sports talents and achieved 4474No. i.e. 360 in basketball talents, 4114 in football both men and ladies. Targeted to equip 34 teams with sports gears and achieved 61 teams i.e. 30 basketball teams during RRI and 31 teams during other tournaments (Talanta Hela, KYISA, Europe day), targeted to organized 1No. Governor's cup 1 and achieved 1, and targeted to Train 60No.

coaches and staff and achieved 141No.

2.8.12.7 Talent and Recreational and Welfare Services

In the period under review, the Talent and Recreational Services programme targeted to create a conducive environment for leisure, talent development and Sporting activities benefiting 5000 No. youth in 25 existing and functional social halls. At the end of the plan period, the programme managed to organize 4No. recreational festivals, held 4No. Capacity building forum 6no, organized 4 No mixed martial arts events and held 2 No. exchange programmes for artists. This has benefited (2810 no. of youths by identifying and Nurturing (1288 no of talents), (322No.) groups in the exchange program, (800No) youth on mind change and life skills and (400 No) graded by African Kenpo Karate Federation (AKF).

2.8.12.8 Library and Information Services

In the period under review, the Library and Information Services programme targeted to work with National government to transfer Kibra library from KNLS to Nairobi County, rehabilitate MacMillan Library and promote the reading culture of our children. At the end of the plan period, the programme managed to complete the acquisition of Kibra Community Library, the rehabilitation plans have already been acquired and all statutory approvals have been complied with. The rehabilitation work will commence on FY 2024/2025.

2.8.13 INCLUSIVITY, PUBLIC PARTICIPATION AND CUSTOMER CARE

In the 2024/2025 financial year, the Inclusivity, Public Participation, and Citizen Engagement sector made key strides in promoting participatory governance, inclusivity, and citizen-focused service delivery. Through the Public Participation directorate, it held a total of 68 public participation forums across all 17 sub counties, fully meeting the annual target. The sector department, in partnership with a partner, developed a digital engagement platform, which makes it easier for residents to submit their views without necessarily attending the brick and mortar public participation venues. Civic education outreach reached 86

campaigns, complemented by 500 electronic messages and 20 media forums. Three civic publicity campaigns were also delivered, including two supported by partners, all which deepened the public awareness of county affairs, which could explain why the finance bill 2025/2026 registered no resistance.

Customer service delivery significantly outperformed expectations, with 780,000 residents served against a target of 150,000, over five times the initial goal. This was supported by operationalizing Dandora and Ruai customer service centers, which took the number of customer service stations to 69 across the county. This improved access to county services.

Cultural and tourism promotion remained vibrant. The Nairobi City County Annual Festival was successfully held, featuring key events at Uhuru Park and Kariokor that showcased local talent and culture. The tourism subsector, thanks to collaboration with the Kenya Tourism Board, tripled their targets through six stakeholder forums. The county also participated in four tourism promotional events and delivered capacity building sessions for both staff and practitioners, doubling the planned outputs in both cases.

In gender and inclusivity, the sector distributed 1,190 assistive devices to persons with disabilities, achieving 79% of the target. A record 35,000 sanitary towels were distributed boosting menstrual hygiene support for schoolgirls. One GBV safe house is under construction through a partnership with NGAAF. The county also facilitated 8 GBV forums, 6 disability stakeholder forums, and trained 800 PWDs on how they can benefit from AGPO. In addition, 267 staff were sensitized on disability mainstreaming, and 600 girls received mentorship.

Public communications improved operationally with the procurement of 8 out of 10 planned media equipment items. This strengthened the department's ability to support messaging, visibility, and information sharing on county activities.

Finally, the administration unit enabled consistent service delivery by coordinating 8 planning and performance review meetings and supported capacity building for 36 staff members for smooth coordination and operational continuity across all sector programmes.

2.8.14 INNOVATION AND DIGITAL ECONOMY

In the period under review, the Smart Nairobi sub-sector under the Innovation & Digital Economy implemented six key automation programs aimed at enhancing service delivery, improving efficiency, and boosting revenue collection.

The **Email Automation System** centralized all county staff communication onto a secure, unified platform. This included integration of calendars, document sharing, and task management tools, coupled with cybersecurity training for staff. The result has been faster, more reliable communication, reduced dependence on physical memos, and improved accountability through official correspondence records. At the end of the plan period, the programme successfully configured and installed the solution, providing 199 licenses to staff. This translated to a move from 0 - 100% in email solution acquisition

The **Geographic Information System (GIS)** was deployed to digitally map disaster-prone points across the county, including areas susceptible to flooding, fire outbreaks, and other hazards. The system enables the collection, storage, analysis, and visualization of spatial data, supporting disaster preparedness and response planning. By providing an accurate, real-time view of vulnerable locations, the GIS has enhanced coordination among emergency response teams, improved risk assessment, and facilitated resource allocation to high-risk zones. This has led to faster decision-making during emergencies, reduced loss of life and property, and strengthened the county's overall disaster management strategy.

The **Customer Care Automation** initiative introduced a call center ticketing system, online service portals, and chatbots. Service requests were linked directly to departmental workflows, significantly reducing response times, increasing citizen satisfaction, and ensuring transparent complaint resolution tracking.

The **Liquor Pay System** automated the liquor licensing process from application to renewal, enabling online license tracking and payment integration with mobile money and banking systems. This has streamlined the licensing process, reduced paperwork and in-person visits, improved compliance, and enhanced revenue

collection from the liquor trade.

The **Nairobi Pay** revenue collection platform unified all county payment services under one system, with integration of multiple payment channels such as mobile money, credit/debit cards, and online banking. Real-time revenue tracking has increased collections, reduced leakages and fraud, and made it easier for citizens to pay for services.

Finally, the **Fleet Management Automation** program introduced GPS tracking devices in county vehicles, digital fuel and mileage logbooks, and real-time monitoring tools. These measures have reduced fuel wastage, improved vehicle deployment efficiency, and generated cost savings through better accountability and asset management.

Collectively, these automation programs have strengthened the county's operational capacity, improved transparency, and enhanced public trust in service delivery. Revenue-focused systems such as Nairobi Pay and Liquor Pay have increased financial performance, while service-oriented platforms like Customer Care Automation have improved citizen engagement. To sustain and scale these gains, it is recommended that the county expand the programs to more departments, integrate all platforms into a central management system, provide continuous staff training, and establish clear performance monitoring metrics for each system.

- Launched an Innovation hub with 15No. of computers.
- Trained 16No. staff on ICDL ToT Certification
- Deployed 16No. ICDL ToTs to Vocational Training Centers
- 3No MOUs were signed and 7No. stakeholder round table meetings were held to plan for Innovate Nairobi Tech week.
- Renovation of main city hall ground floor computer Office.
- Trained 1500 youth on top employable skills
- Over 300No. staff were sensitized on Digital literacy
- Over 10No. startups supported with grant funding during Innovate Nairobi Tech week startups competition.

- 3No MOUs were signed and 7No. stakeholder round table meetings were held to plan for Innovate Nairobi Tech week.

2.8.15 WARD DEVELOPMENT PROGRAMME

During the period under review, the Ward Development Programme aimed to implement 85 projects within 85 wards for the 2023/2024 Financial Year. By the conclusion of the planned period, the sub-sector successfully completed 64 projects, with the remaining projects classified as ongoing. Furthermore, the sub-sector has initiated the procurement of an additional 85 projects for the 2024/2025 Financial Year, all of which are currently in various stages of contract Implementation.

2.8.16 PUBLIC SERVICE BOARD

By the end of FY 2024/2025, the CPSB recruited a total number of six hundred and thirty-eight (638) staff, effectively filling most planned vacancies. A total number of two thousand, two hundred and eighty-two (2,282) staff were confirmed into permanent and pensionable terms of service. The board also promoted three hundred and thirty-two staff (332) in different departments within the common cadre. This has strengthened staffing across departments and increased service delivery and morale.

PART 3: MACROECONOMIC REVIEW AND FORECASTS

3.1 Global Economic Prospects

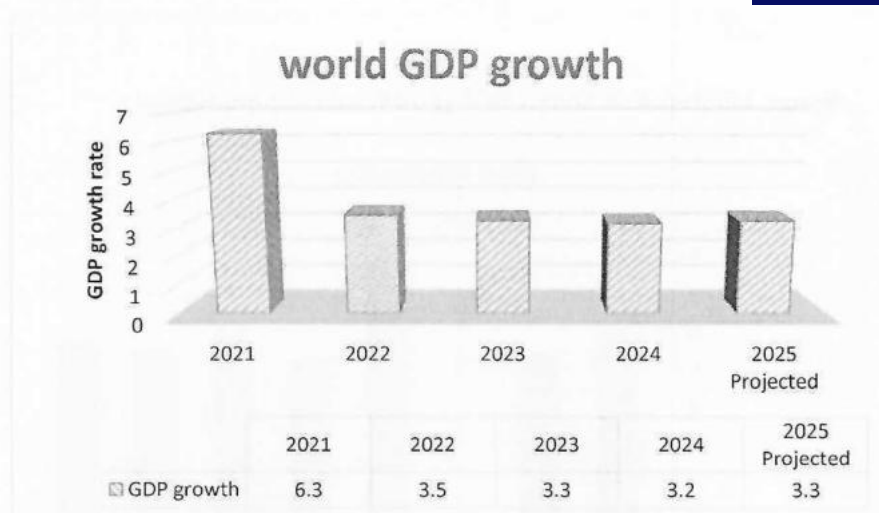
The global economy remained resilient in 2023 despite the disruptions emanating from the residue effects of COVID-19, the **Russia-Ukraine conflict** and **tightened monetary policies** in a number of economies. However, Global growth is projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023. The outlook reflects economic recovery in China, Euro area and UK, despite a slowdown in activity in the USA and Japan. Reports by IMF indicate that in the United States, underlying demand remains robust, reflecting strong wealth effects, a less restrictive monetary policy stance, and supportive financial conditions.

The **main risks to the global growth outlook** relate to disruptions to the disinflation process, potentially triggered by new spikes in commodity prices amid persistent geopolitical tensions, a possible resurgence of financial market volatility with adverse effects on sovereign debt markets, a deeper growth slowdown in China and an intensification of protectionist policies which would exacerbate trade tensions, reduce market efficiency, and further disrupt supply chains.

Growth in the advanced economies is projected to remain stable at 1.8 percent in 2024 and 2025 from 1.7 percent in 2023. Growth in emerging markets and developing economies is projected to remain stable at 4.2 percent in 2024 and 2025, with divergence across major economies.

At the regional level, growth in Sub-Saharan Africa is expected to rebound to 4.2 percent in 2025 from 3.6 percent in 2024 and 2023. This growth is driven by improved economic activities as the adverse impacts of prior weather shocks subside and supply constraints gradually ease.

Figure 3.1: World GDP growth rates



Source: IMF-World economic outlook, January 2025

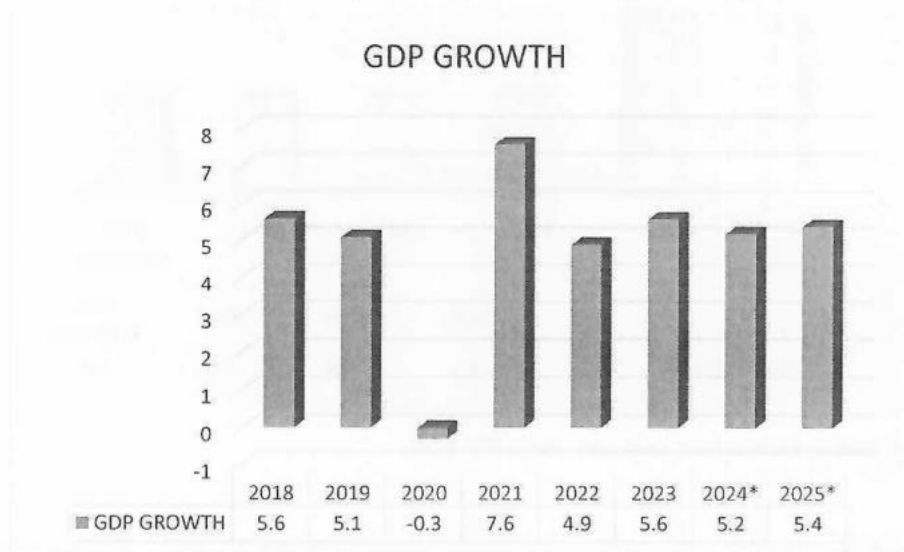
World inflation rate eased from 6.8 per cent in 2023 to 5.9 per cent in 2024. This was primarily due to the partial reversal of the significant rise in energy prices, coupled with the easing of supply chain disruptions. Global headline inflation is expected to decline to 4.2 percent in 2025 and to 3.5 percent in 2026, converging back to target earlier in advanced economies than in emerging market and developing economies.

3.2 Domestic Economy

The Kenyan economy is currently recovering from the effects of negative and persistent global and domestic shocks that had pushed the economy to its lowest activity level. The real Gross Domestic Product (GDP) grew by 5.6 per cent in 2023 compared to a revised growth of 4.9 per cent in 2022, mainly driven by the strong performance in the agriculture sector, a slight recovery of the manufacturing sector, and the resilience of services sector.

The Kenyan economy remained strong and resilient in the first three quarters of 2024 despite its growth being relatively slower than the corresponding period in 2023. In the first three quarters of 2024, the economic growth averaged 4.5 percent (5.0 percent Q1, 4.6 percent Q2 and 4.0 percent in Q3). The growth is projected to grow to 5.4 percent in 2025.

Figure 3.2: Trends in Kenya GDP growth rate in percentage



Source: Economic survey 2024

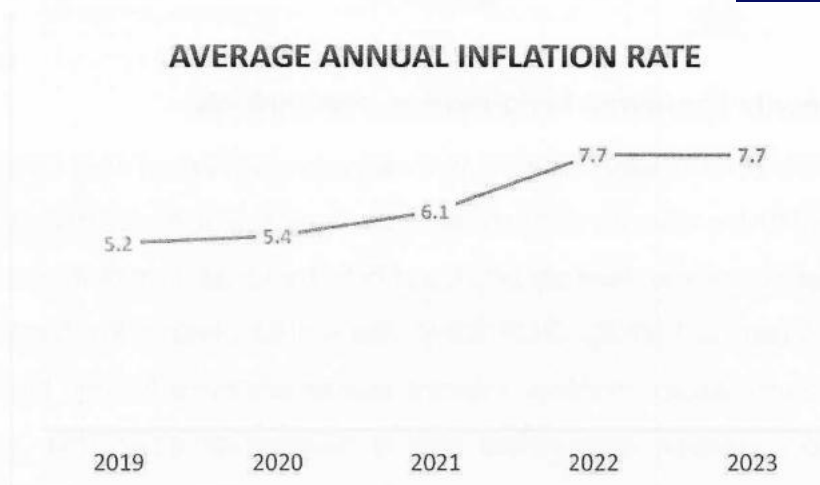
3.2.1 Inflation

The overall year-on year inflation is within the Government target range of 5 ± 2.5 percent largely driven by easing food and fuel prices. Overall Inflation is expected to fall to 6.2% in 2024 and 5.5% in 2025 from 7.7 % in 2023 as food and global inflation both decline. Monetary policy is expected to be accommodative due to projected stable inflation and exchange rates Other factors expected to support low inflation include the pass-through effects of the strengthening exchange rate, decreases in electricity and pump prices and the CBK monetary policy stance..

Food inflation remained a key driver of overall year-on-year inflation though it declined to 4.8 percent in December 2024 from 7.7 percent in December 2023. The easing of food prices was supported by increased food supply arising from favorable weather conditions, continued Government interventions particularly through subsidized fertilizer, and the general easing of international food prices.

Fuel inflation declined to -1.0 percent in December 2024 from 13.7 percent in December 2023. The decline largely reflected the easing global oil prices and appreciation of the Kenya Shilling's which resulted in a downward adjustment of pump prices; and lower electricity prices

Figure 3.3: Trend in inflation rate over the years



Source: Economic survey 2024

3.2.2 Foreign exchange

The foreign exchange market remained stable in the first half of 2024 despite increased global uncertainties, effects of a stronger U.S. Dollar and geopolitical tensions in the Middle East. The Kenya Shilling exchange rate was weaker at the turn of the year but strengthened against the U.S. Dollar from **mid-February 2024 through August 2024**. It strengthened by 10.15 per cent, 8.55 per cent and 9.55 per cent against the US Dollar, Sterling Pound, and the Euro, respectively in August 2024 compared to a similar period in 2023. It exchanged at an average of Kshs 129.32 per US dollar in August 2024 compared with Ksh 143.93 per US dollar in August 2023(CBK, 2024).

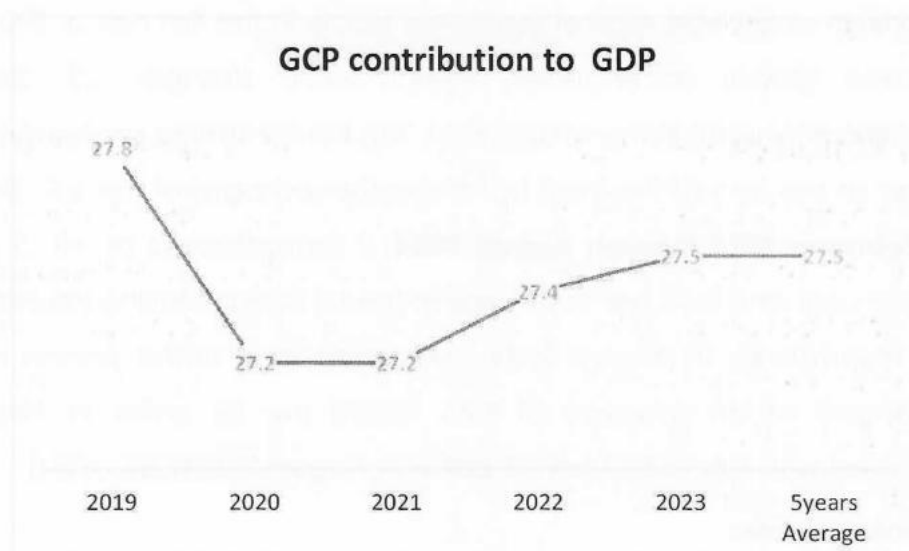
3.2.3 Interest rates

Given that inflation is below the mid-point of the target range and the exchange rate has stabilized, the Central Bank of Kenya through the Monetary Policy Committee (MPC) has gradually eased monetary policy by lowering the Central Bank Rate (CBR), initially to 12.75 percent from 13 percent in August 2024 to 12.0 percent in October 2024 and further to 11.25 percent in December 2024. The easing of the monetary policy stance is aimed at improving credit to the private sector thereby supporting economic activities.

3.3 Nairobi County Economic Performance and Outlook

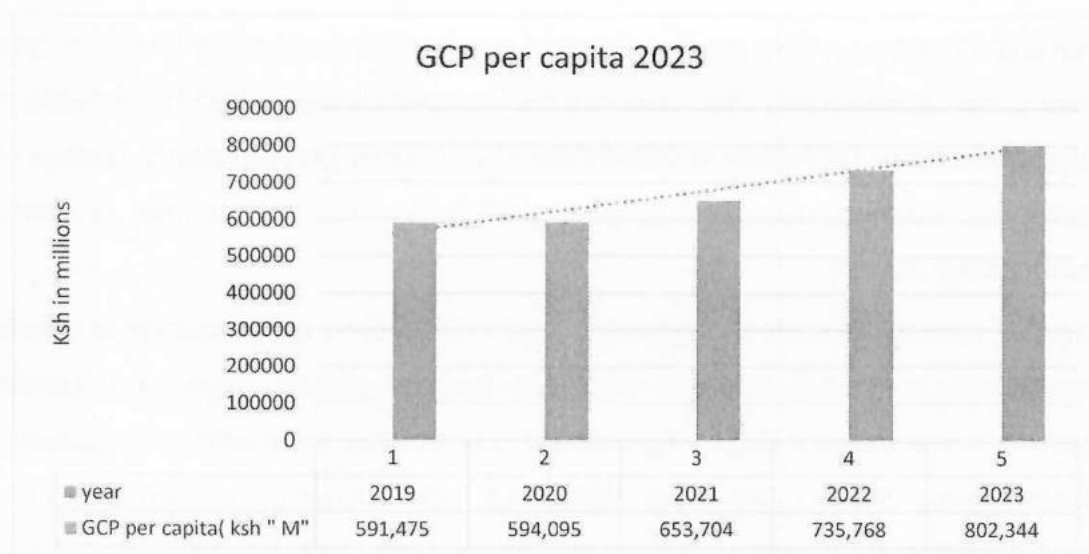
The Gross County Product (GCP) is a disaggregation of the Gross Domestic Product (GDP) by county that shows how much each county contributes to the national economy. Nairobi city county is the largest contributor to National GDP at 27.5 percent (KNBS- GCP 2024). This is attributed to the fact that Nairobi has large commercial centres, 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 Kshs 802,344.

Fig 3.4: Nairobi County GCP % contribution to national GDP, 2019- 2023.



Source: KNBS-GCP 2024

Fig 3.5: Nairobi County GCP per capita, 2019- 2023.



Source: KNBS-GCP 2024

3.4 CONTRIBUTION OF MAIN ECONOMIC ACTIVITIES TO NAIROBI COUNTY GCP

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 these areas by the county. The poorest contributor to national economy in the county is agriculture sector.

3.4.1 NAIROBI COUNTY ECONOMIC OUTLOOK

Nairobi City County operates within the global and national macro-economic environment thus directly and indirectly influencing the county's fiscal space. The county fiscal performance will be subjected to both external and internal shocks. The external shocks are likely to be unpredictable financial markets, spikes in oil prices and climate change. Internal shocks are inflation, fluctuation in exchange rate, harsh weather condition, debt distress among others. All these shocks will have an impact to the fiscal decisions and operations of the county.

The projected global growth is likely to remain stable at 3.3 percent in 2025 thus

having a positive effect on the amount available for counties in form of grants and loans. Additionally, the national GDP growth is expected to increase the allocation from the National Government to county governments. Global and domestic inflation remains easing and this will boost the household purchasing power.

One of Nairobi County's critical focuses in 2025 is to enhance local revenue performance to mitigate the county's budget deficit. Significant revenue growth in the current fiscal year has set a promising foundation. To sustain this momentum, the county has identified new revenue streams, such as regularization of building approvals. Specifically, the county will put more emphasis on;

1. Regularization and efficient approval processes for construction activities are expected to boost compliance and generate additional income.
2. Strengthening systems for collecting property rates, parking fees, and business permits.
3. Leveraging technology to track and manage revenues effectively, minimizing leakages.

To foster an environment conducive to economic growth, Nairobi County is addressing issues that have historically undermined business confidence. One notable intervention is tackling the proliferation of hawkers in city streets, a term indicating the pervasive presence of unregulated street trading that affects businesses and urban aesthetics. Efforts to control such activities will streamline trading, reduce congestion, and create a more orderly urban environment.

PART 4-RESOURCE ALLOCATION FRAMEWORK

4.1 IMPLEMENTATION OF THE FY 2025/2026 BUDGET ESTIMATES

The commencement of implementation of the FY 2025/2026 budget estimates is progressing well. However, the implementation has been affected by the implementation of EGPS that has necessitated the delayed of all procurement processes. This delay in training and has created uncertainties over implementation of planned programmes.

Expenditures will be rationalized in the next Supplementary budget estimates to accommodate any changes in the division of revenue bill. Additionally, the government is reviewing the status of stalled and incomplete projects and when this exercise is completed, expenditures will be rationalized to address the growing problem of ongoing and stalled projects.

Total Projected revenues are estimated at Kshs 43.6billion is largely projected to remain except for adjustments to include any carry overs from the previous FY 2024/2025. Additionally, the revenue administration reforms are expected to produce tangible results towards growing own source revenues even further. Expenditure controls will be enhanced to ensure actual revenues is aligned to expenditure commitments

4.2 FISCAL POLICY FOR FY 2026/2027 & MEDIUM-TERM BUDGET

The fiscal policy for the FY 2026/2027 and the medium aims at supporting programmes that will accelerate the transformation agenda of the current administration in making **NAIROBI** a city to live to its motto of; **City of Order, Dignity, Hope and Opportunities** through a fiscal consolidation plan aimed at slowing down the growth in pending bills and without affecting service delivery.

Specifically the County will focus on :

- Enhancement of revenue through leverage on technology, reforms in rates management and data management aimed at broadening the tax base.
- Improving efficiency in spending by strengthening procurements, economic

planning and budget management.

4.3 FY 2026/2027 FISCAL & THE MEDIUM-TERM PROJECTIONS

The Medium Term Fiscal Framework provides a road map for prudent and sustainable fiscal management over the next three financial years 2025/2026-2027/2028 and aligned with the County development priorities in the CIDP 2023-2027 and the Annual Development Plan 2026/2027. The framework aims at ensuring sustainable revenue growth, improving expenditure efficiency, sustain development allocations and also comply with the fixed responsibility principles.

4.4 REVENUE PROJECTIONS

Total revenue projections in the FY 2026/2027 are projected at Kshs 44.5 billion made external revenues of Kshs 22.9 billion and Own source revenues of Kshs 21.6 billion (**Table 7**). The projected own source revenues is retained at Kshs 21.6 billion in FY 2026/2027 same as the approved estimates for FY 2025/2026. This ambitious target reflects the County's commitment to unlocking the revenue potential through ongoing and other planned revenue reforms. While the FY 2025/2026 is ambitious we remain hopeful that it is achievable if the current reform momentum is sustained.

4.5 EXPENDITURE PROJECTIONS

In line with the fiscal policy of enhancing service delivery and reducing recurrent expenditures, the County aims at allocating 30% of the total projected revenues towards development expenditures. Measures will be put in place to ensure development programmes get priority in actual resource allocations. Additionally, all the facility improvement funds collected by all health facilities and the Nairobi Funeral Home will be included in the budget estimates. The total projected recurrent and development expenditures for the FY 2026/2027 stands at Kshs 31.1 billion (or 70%) and 13.4 Billion (or 30%) respectively.

The fiscal framework maintains a balanced budget with expenditures expected to match revenues resources available. The County anticipates no borrowing during the

medium term but is exploring alternative financing models such as Public Private Partnerships and other forms of donor funding.

4.6 ALTERNATIVE TO SUPPORT THE MEDIUM TERM FRAMEWORK

The County Government will take a lead in seeking beneficial partnerships with each of the 17 Constituency Fund Committees in delivery of mutually eligible projects. The County's alternative financing landscape for 2024/25 was largely dominated by a dichotomy of market-based financing instruments and non-market financing mechanisms. The market instruments included Public Private Partnerships and Joint Venture Initiatives while the non-market instruments were largely conditional and non-conditional grants.

Among the most advanced initiatives under Public Private Partnership during the period under review include the proposed Waste to Energy plant at Dandora at an estimated cost of Ksh 50 billion and the proposed Smart Street Lighting Project that is at the stage of Market sounding.

Projects that are scheduled under alternative financing include the proposed 400 capacity Hospital at Mutuini at an estimated cost of Ksh 8 billion through hybrid financing consisting of grants and private investment. The upgrading, development, furnishing and equipping of a maternity wing and new born care Centre at Kaloleni Health Centre was scheduled to be implemented at a cost of Ksh 38 Million is through a grant and 90% is complete.

County sectors, departments and entities continue to receive non-trivial support from implementing partners towards supplementing appropriated resources for various service delivery programs.

PART 5: SECTORAL INDICATIVE BUDGET CEILINGS

5.1 This part outlines the indicative sectoral ceilings for the FY 2026/2027 Medium-term Expenditure Framework as indicated in **ANNEXE I & ANNEXE II**. The ceilings are informed the fiscal resource availability based on the medium term projections in Table 7 and taking into account the high costs of non-discretionary expense. The indicative budget ceilings are required to guide the preparation of the Sector Budget Proposals for the FY 2026/2027 & the Medium Term and will be firmed up in the County Fiscal Strategy Paper 2026.

In preparing the budget proposals for the FY 2026/2027 and the Medium Term, Sector Technical Working Groups will be guided by the following broad criteria;

- i. Linkage of programmes that Economic Recovery
- ii. Linkage of programmes that support completion of ongoing projects
- iii. Linkage of the programme with the priorities of County Integrated Development Plan 2023-2027 and the Vision 2030 blue print;
- iv. Degree to which a programme addresses job creation and poverty reduction;
- i. Degree to which a programme addresses the core mandate of the department
- ii. Expected outputs and outcomes from a programme;
- iii. Cost effectiveness and sustainability of the programme;
- iv. Extent to which the Programme seeks to address viable stalled projects and verified pending bills;
- ix. Requirements for furtherance and implementation of the Constitution and other legislations.

The 2026/2027 and the medium-term projections shall be guided by the ceilings provided in Annexe I and Annexe II. In addition, Sector working Groups are required to ensure compliance with timelines provided in Circular No...4./2025 and any other advisories that may issue from time to time

5.2 CONCLUSION

Due to the limited resources Sector Working Groups while working on the budget proposals for the FY 2026/2027 & the medium term are required to critically review, evaluate and prioritize all budget allocations in line with the CIDP 2023-2027 as per the ceilings provided in Annexe I & II. The sector ceilings will be firmed up in the County Fiscal Strategy Paper 2026.

ANNEXE 1: Fiscal Framework For FY 2026/2027-2027/2028

	FY 2024/2025		FY 2025/2026	Projections	
	Actuals	Revised	Approved	FY 2026/2027	FY 2027/2028
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Total Revenues	36,159,531,835	40,504,493,951	44,620,889,339	44,477,569,339	45,718,516,539
Equitable Share	20,178,712,719	20,179,390,632	21,417,000,000	22,273,680,000	23,164,627,200
Conditional Grants	404,579,053	1,418,168,818	625,838,750	625,838,750	625,838,750
Own Source Revenues	11,935,047,992	16,613,380,988	19,942,050,589	19,942,050,589	19,942,050,589
Liquor Board Revenue	338,591,961	389,000,000	400,000,000	400,000,000	450,000,000
Hospitals/Nairobi Funeral Home	1,398,046,598		1,236,000,000	1,236,000,000	1,536,000,000
Cash Balances from previous fy	1,904,553,513	1,904,553,513	1,000,000,000		
Total Expenditures	33,583,078,791	40,504,493,951	44,620,889,339	44,477,569,339	45,718,516,539
1.Recurrent	29,592,301,821	35,564,562,876	31,203,189,118	31,059,869,118	32,200,816,318
Transfers to County Assembly	1,720,151,574	2,435,068,628	1,638,909,510	1,638,909,510	1,638,909,510
Wages & Salaries	17,438,808,553	18,283,655,326	17,551,083,054	18,359,239,446	19,150,239,446
Operations & Maintenances	10,146,041,127	14,513,838,922	11,714,196,554	10,762,720,162	11,112,667,362
Liquor Board	287,300,566	332,000,000	299,000,000	299,000,000	299,000,000
2.Development	3,990,776,970	4,939,931,075	13,417,700,221	13,417,700,221	13,517,700,221
Transfers to County Assembly	135,560,516	203,962,461	1,000,000,000	1,000,000,000	1,000,000,000
Other Development Expenditures	3,840,185,754	4,678,968,614	12,316,700,221	12,316,700,221	12,366,700,221
Liquor Board	15,030,700	57,000,000	101,000,000	101,000,000	151,000,000
Development Ratio	11	12	30	30	30
PE Ratio	48	45	39	43	44

ANNEXE II-FY 2026/2027 INDICATIVE BUDGET CEILINGS

VOTE	2026/27-PE	FY 2026-27 Devt	FY 2026-27 O & M	FY 2026-27 Non - Discretionary Items	FY 2026-27 - A/A	Total
5311000000 COUNTY PUBLIC SERVICE BOARD	40,436,051	51,000,000	81,415,472			172,851,523
5314000000 FINANCE & ECONOMIC PLANNING	1,445,441,628	1,156,000,000	699,488,320	650,000,000		3,950,929,948
5320000000 PUBLIC SERVICE MANAGEMENT	267,403,024	10,000,000	100,704,294	1,035,000,000		1,413,107,318
5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	108,293,651	85,000,000	65,668,217			258,961,868
5322000000 COUNTY ASSEMBLY	955603351	1,000,000,000	683,306,159			2,638,909,510
5323000000 ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	2,072,801,700	845,000,000	369,586,640	400,000,000		3,687,388,340
5325000000 WARD DEVELOPMENT PROGRAMMES		2,155,000,000	65,844,402			2,220,844,402
5326000000 EMERGENCY FUND				150,000,000		150,000,000
5327000000 LIQUOR LICENSING BOARD		101,000,000			299,000,000	400,000,000
5329000000 BOROUGH AND PUBLIC ADMINISTRATION	3,395,746,188	1,280,300,000	673,796,394	390,000,000		5,739,842,582
5330000000 COUNTY ATTORNEY	153,225,014	15,000,000	393,686,444			561,911,458
5331000000 INNOVATION AND DIGITAL ECONOMY	117,267,586	258,611,367	78,622,017			454,500,970
5332000000 HEALTH WELLNESS & NUTRITION	7,989,444,305	849,505,494	333,536,520	1,013,000,750	1,236,000,000	11,421,487,069
5333000000 BUILT ENVIRONMENT & URBAN PLANNING	452,167,507	579,144,358	132,082,486			1,163,394,351
5334000000 MOBILITY AND WORKS	525,207,917	2,824,265,001	67,065,952	1,088,000,000		4,504,538,870
5335000000 TALENT SKILLS DEVT & CARE	1,064,260,698	1,235,999,001	283,503,858	985,200,000		3,568,963,557
5336000000 BUSINESS & HUSTLER OPPORTUNITIES	604,402,538	805,250,000	155,282,272			1,564,934,810
5337000000 INCLUSIVITY PUBLIC PARTICIPATION & CITIZEN ENGAGEMENT	123,141,640	141,625,000	156,034,234			420,800,874
5338000000 NAIROBI REVENUE AUTHORITY		25,000,000	159,201,889			184,201,889
Total	19,314,842,798	13,417,700,221	4,498,825,570	5,711,200,750	1,535,000,000	44,477,569,339