

NAIROBI CITY COUNTY



COUNTY FISCAL STRATEGY PAPER

2025

February, 2025

VISION

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

MISSION

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

CORE VALUES

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

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FOREWORD

The Nairobi County Fiscal Strategy Paper 2025 was prepared pursuant to section 117(1) and (6) of the Public Finance Management Act (PFMA), 2012, and also adheres to provisions of Section 26 of the Public Finance Management (County Governments) Regulations, 2015. It provides the fiscal policy direction towards the budget 2025/2026 and shapes the budget priorities for the third year of the CIDP 2023-2027. It propagates the pursuit of transformation of Nairobi City County towards being a city of order, dignity, hope and opportunities for all. This document presents a clear vision for the county's fiscal policy over the medium term, providing a framework for prudent financial decision-making. It outlines our revenue projections, expenditure priorities and key fiscal targets that will steer us towards achieving a balanced budget and fostering long-term economic growth.

Adequate resources have been set aside for sectors like Health, Wellness and Nutrition, Mobility and works, Talent Skills and Development, Environment, Water and Natural Resources. Through effective management of public funds, we aim to enhance service delivery, support development projects and strengthen infrastructure thereby improving the quality of life for all Nairobians.

In an attempt to improve the fiscal space, non-discretionary expenditure was given priority, while at the same time a reduction of non-essential expenditure was explored as a methodology to free up more resources for development in the medium term. Allocation towards development is at 30 percent, an attempt towards rejuvenating the development momentum of the city and catapulting it to be a globally competitive city in the medium term.

To achieve the above, the projected budget for the FY 2025/26 will be Kshs. 45.4B a slight increase of 1.9B from the current year's approved budget (2024/25). Development expenditure will constitute Ksh.13.6B of the total budget while recurrent expenditure will be 31.8 B. The projected contribution of Own Source Revenue to the total revenue is 52.4% (Kshs. 23.8B) while external revenue is projected at 47.6% (Kshs. 21.6B).

CHARLES KERICH
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

The preparation of this County Fiscal Strategy Paper (CFSP) 2025 has been a collective effort, and we wish to extend our sincere gratitude to all individuals and organizations who contributed to its development.

It is my singular honor to thank the county leadership from H.E. Johnson Sakaja and H.E. James Muchiri for their leadership and support throughout the process. I wish to acknowledge the County Executive Committee Member for Finance and Economic Planning Mr. Charles Kerich whose leadership and guidance have ensured that the fiscal strategy reflects the broader vision and goals of the county. Their commitment to transparency, good governance, and fiscal responsibility is vital to the successful implementation of this strategy.

Special thanks to the Acting County Secretary Godfrey Akumali, for the flawless coordination and support across the sectors. I also convey my utmost appreciation to all County Chief Officers, members of respective sector working groups, and Sub-County Administrators for their distinguished role they played, particularly in receiving and analysing inputs from members of the public.

We also thank the various county departments, stakeholders, and public sector partners whose input has enriched the content of this paper. Through consultations, feedback sessions, and collaborative discussions, we have been able to align the county's fiscal objectives with the needs and priorities of our communities. We acknowledge the tireless efforts of our County's Economic Planning and Budget team whose dedication and expertise have been instrumental in shaping this strategy. Their detailed analysis, research, and recommendations have provided the foundation for this document.

Finally, we acknowledge the residents and citizens of the county, whose continued engagement and support remain essential in the pursuit of sustainable economic growth and prosperity. We are confident that this document will serve as a vital tool in guiding the county towards a more resilient and prosperous future.

CPA. JOHN LINTARI

COUNTY CHIEF OFFICER - ECONOMIC AFFAIRS

EXECUTIVE SUMMARY

The 2025 County Fiscal Strategy Paper (CFSP) is prepared pursuant to section 117 of the Public Finance Management Act, 2012, which mandated the county Treasury department to align its fiscal strategies with national objectives as outlined in the budget policy statement. It aligns with the national economic framework, the County Integrated Development Plan (CIDP), and the Medium-Term Expenditure Framework (MTEF), ensuring prudent financial Management and sustainable development.

The 2025 CFSP is organized as follows;

Chapter 1: Overview: This chapter provides an overview on the rationale for the preparation of the CFSP and preparation process of the paper. It further provides the legal basis of preparing the CFSP2025.

Chapter 2: Macro Economic Policy Framework: The CFSP 2025 considers the global and National economic trends, including GDP growth, inflation, interest rates and exchange rates Nairobi City County operates within the global and national macro-economic environment thus directly and indirectly influencing the county's fiscal space. The paper therefore analyses on how county fiscal performance will be influenced by the external and domestic fiscal environment.

Chapter 3: Review of County achievements: This section provides a summary of County's achievements per sector for the financial year 2023/24 and half year 2024/25. This is key in informing the development path for the financial 2025/26, illuminating the service areas that need more focus in resource allocation.

Chapter 4: Resource and Expenditure Framework: This chapter forms the main body of the plan. It highlights revenue and expenditure projections for FY 2025/26 while pinpointing various revenue mobilization strategies for the year. It further expounds on the sector's priorities, strategies and initiatives which will be implemented during the fiscal year.

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

ACRONYMS

ADB	African Development Bank
ADA	Alcohol and Drug Abuse
A-in-A	Appropriation in Aid
BPS	Budget Policy Statement
CBR	Central Bank Rates
CPI	Consumer Price Index
CGA	County Government Act
DFA	Development Finance Assessment
EAC	East African Community
GDP	Gross Domestic Product
IMF	International Monetary Fund
MSEs	Micro & Small Enterprises
NITF	Nairobi International Trade Fair
NRS	Nairobi Revenue Service
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PIM	Public Investment Management

CHAPTER ONE: OVERVIEW

1.0 Introduction

The 2025 county fiscal strategy paper traces the Counties Fiscal performance for 2023/2024 and Mid-year 2024/2025 for various County departments and agencies to form the basis for projecting the county fiscal outlook in respect to county revenues, expenditures and macro-economic parameters for FY 2025/26 and the medium term. The paper further identifies the broad strategic priorities and policy goals that will guide in the preparation of 2025/26 budget.

Specifically, the paper shall provide the following information:

- i. A description of budget implementation for the period 2023/24 and mid-year 2024/2025 including revenue and expenditure performance.
- ii. A description of any changes to the budget during the year, such that may have necessitated revision of the approved financial plan.
- iii. An overview of the expected revenue and expenditure totals for the coming year, based on an assessment of the economy and any other determinants.
- iv. Ceilings on the amount of money each sector will get in the upcoming budget and the basis for such capping.
- v. A discussion of fiscal risks and their mitigation

1.2 Rationale for 2025 CFSP

The underlying principle for 2025 CFSP is to pin-points the exact fiscal direction to be pursued during the County budget process, with binding policy recommendations on budget formulation and implementation in the medium term.

Additionally, the paper gives direction in supporting economic development and growth within the county, promoting initiatives that stimulate job creation, entrepreneurship, and investment in key sectors of the economy. The Nairobi County Fiscal Strategy Paper specifies the broad strategic priorities and policy goals that guide the County government in preparing its budget for the coming financial year and over the medium term.

1.3 Legal Frame work

The County Treasury pursuant to section 117(1) and (6) of the Public Finance Management Act (PFMA), 2012 is mandated to prepare and submit the County Fiscal Strategy Paper to the County Assembly, by the 28th February of each year, and subsequently publish and publicize it not later than seven days after it has been submitted to the County Assembly. The county Treasury shall also align its County Fiscal Strategy Paper with the National objectives in the Budget Policy Statement.

In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the County government in preparing its budget for the coming financial year and over the Medium Term.

In preparing the Fiscal Strategy Paper, the County Treasury shall seek and take into account views of:

- i. The Commission on Revenue Allocation
- ii. The Public
- iii. Any interested persons or groups
- iv. Any other forum that is established by legislation

The County Assembly is required to consider the CFSP and adopt it with or without amendments within fourteen days after submission by the county treasury. This paper also conforms to the provisions of Section 26 of the Public Finance Management (County Governments) Regulations, 2015.

Further, Section 117(2) of PFM Act requires counties to align the CFSP with the national objectives in the Budget Policy Statement (BPS).

The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned

1.4 CFSP PROCESS

1.4.1 Preparation for CFSP Engagement

To ensure success of the process, intensive preparation was undertaken from mobilization of financial resources and human resource and communication to Nairobians on the process. This culminated to a grand preparation caucus held at Charter Hall on Tuesday 11th February 2025, with a representation from sectors, Sub county and ward administration A lead facilitation team of 85 officers was formed during this preparation meeting. They were equipped with the relevant documents to assist them during the process and the tools for public participation. The team were briefed on how both time and resources will be allocated.

1.4.2 Civic education and information sharing

A notice concerning the public participation exercise was posted on The Star on 3rd February 2025 inviting members of the public to attend the public participation forums. The notice communicated the date of the exercise which was to be on 12th and 13th February 2025, venues, the main agenda, how to access the draft CFSP documents. The validation meeting was done thereafter at Charter Hall on the 21st February 2020. The draft CFSP was uploaded on the county website to be accessed by the public on 3rd February 2025.

1.4.3 Actual engagement and collection of citizen views

Mobilisation and logistics arrangement was done by the sub county administration. A lead team from City Hall constituted by sector nominees led the public in understanding the process before giving them a chance to contribute to the main agenda. The platforms used for the public engagement were ward based focus group discussions and digital platform and tabling of memoranda. A total number of 1,287 people participated in the physical meeting while as a total of 140 people participated in the digital platform.

1.4.4 Synthesis and collation of the views

The methodology used to collect the public views was a data capture form designed by the economic planning department and the digital platform. The information in the data capture forms

and digital platform was consolidated in a report depicting priorities per ward. After wards, each ward was to nominate a member who would represent them during the validation process.

1.4.5 Integration of citizens views with sector analysis (the empirical data) into programs.

Once the citizens' views were collected from the public participation, the proposals were aligned to the sector mandate which translated to a program.

CHAPTER TWO: MACRO ECONOMIC POLICY FRAMEWORK

MACROECONOMIC REVIEW AND FORECASTS

2.1 Global Economic Prospects

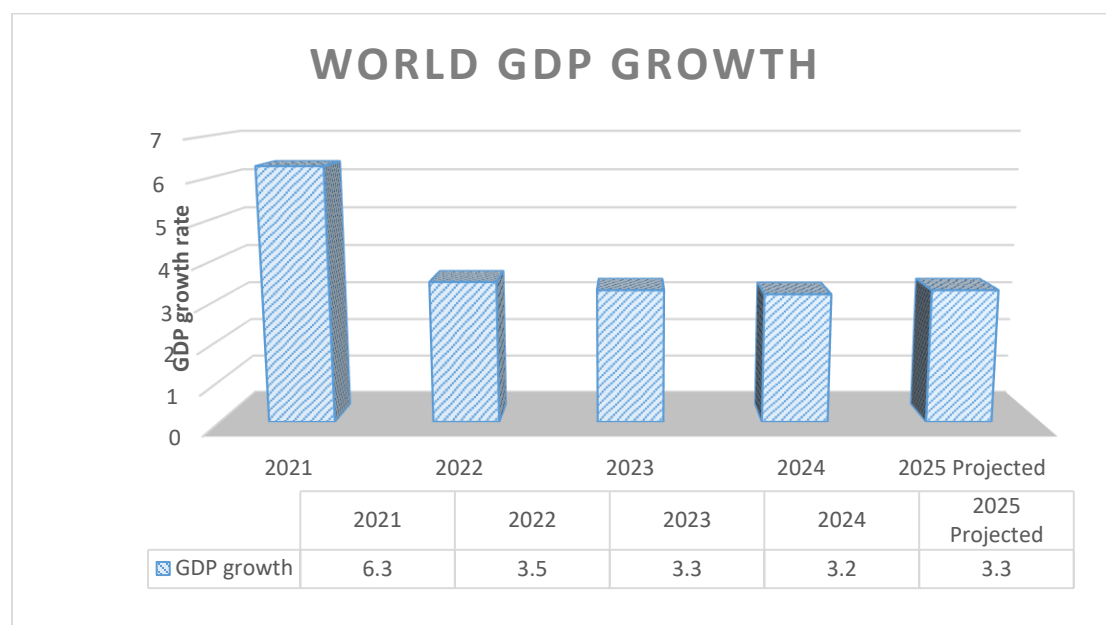
The global economy remained resilient in 2023 despite the disruptions emanating from the residue effects of COVID-19, the **Russia-Ukraine conflict** and **tightened monetary policies** in a number of economies. However, Global growth is projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 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 2.1: 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.

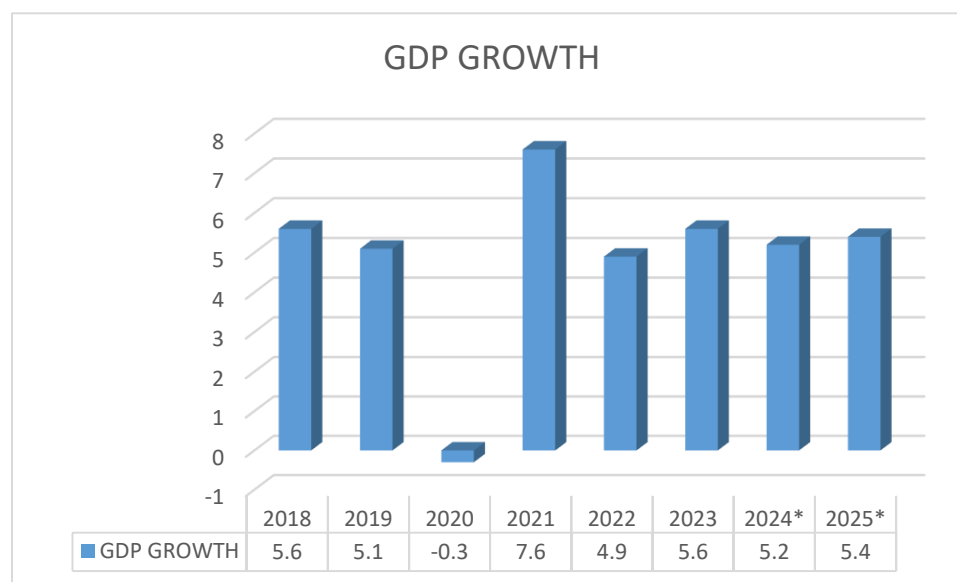
2.2 Domestic Economy

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 4.4 percent in Q3). The growth is projected to grow to 5.4 percent in 2025.

Figure 2.2: Trends in Kenya GDP growth rate in percentage



Source: Economic survey 2024

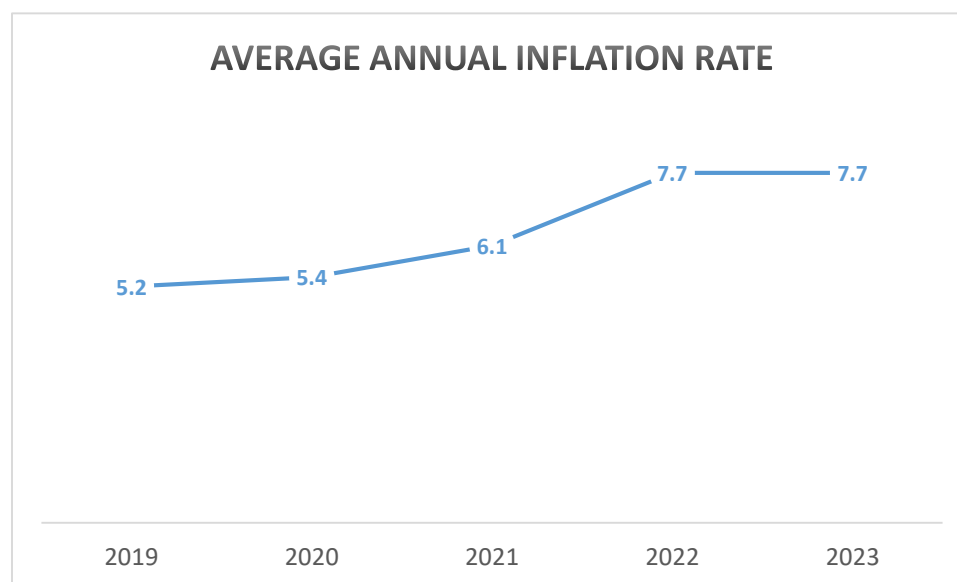
Inflation

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 2.3: Trend in inflation rate over the years



Source: Economic survey 2024

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).

Interest rates

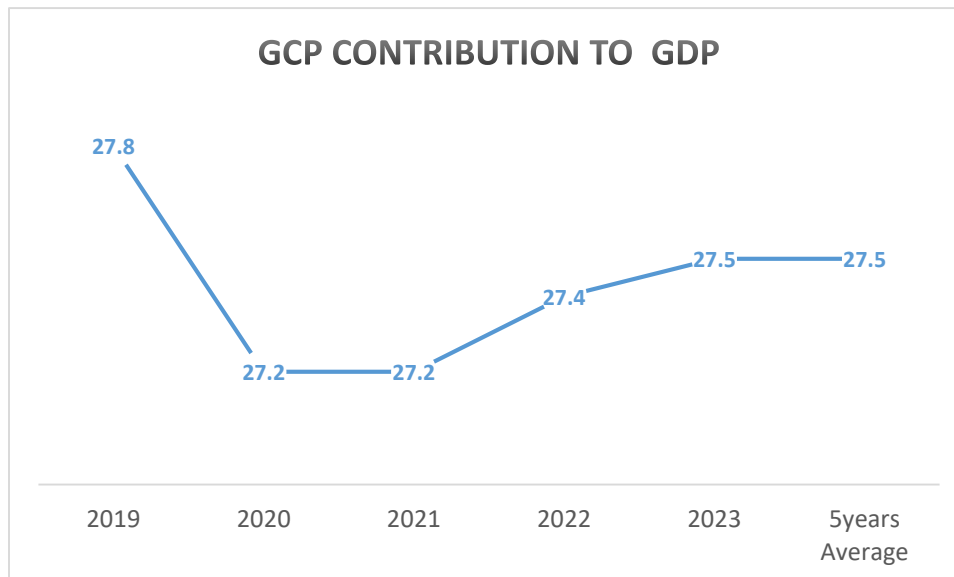
Given that inflation is below the mid-point of the target range and the exchange rate has stabilized, the Central Bank of Kenya through the Monetary Policy Committee (MPC) has gradually eased monetary policy by lowering the Central Bank Rate (CBR), initially to 12.75 percent from 13

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.

2.3 Nairobi County Economic Performance and Outlook

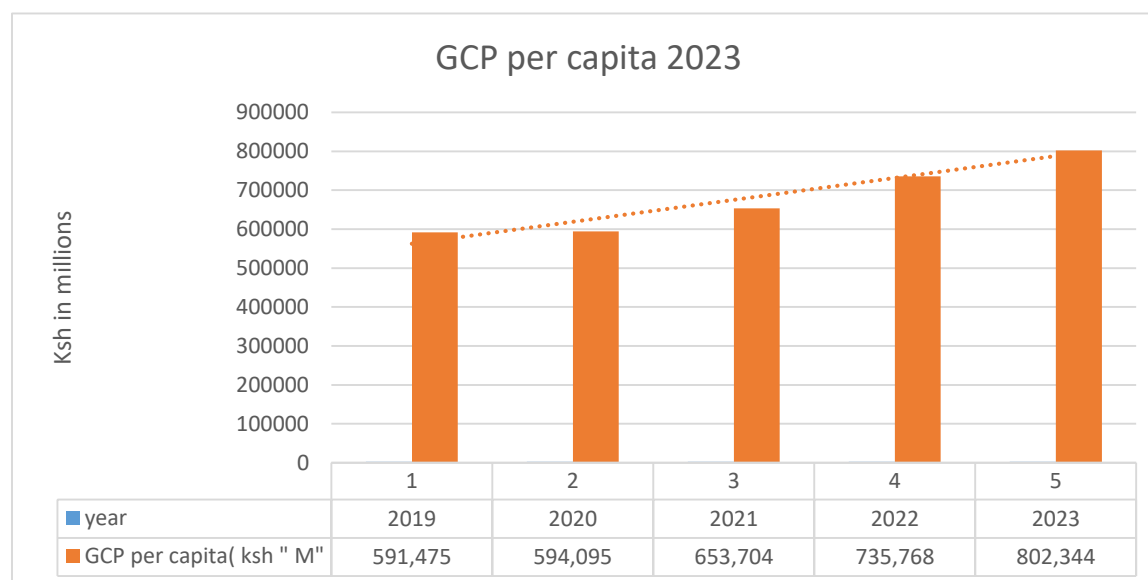
The Gross County Product (GCP) is a disaggregation of the Gross Domestic Product (GDP) by county that shows how much each county contributes to the national economy. Nairobi city county is the largest contributor to National GDP at 27.5 percent (KNBS- GCP 2024). This is attributed to the fact that Nairobi 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 2.4: Nairobi County GCP % contribution to national GDP, 2019- 2023.



Source: KNBS-GCP 2024

Fig 2.5: Nairobi County GCP per capita, 2019- 2023.



Source: KNBS-GCP 2024

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.

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.

CHAPTER THREE: REVIEW OF COUNTY ACHIEVEMENT 2023/24 AND HALF YEAR 2024/25

3.0 Review of County performance 2023/24 and Half Year 2024/25

This section provides a summary of County's achievements per sector for the financial year 2023/24 and half year 2024/25. This is key in informing the development path for the financial 2025/26, illuminating the service areas that need more focus in resource allocation.

3.1 MOBILITY AND WORKS

During the fiscal year 2023/2024, the sector recorded significant progress across various initiatives aimed at improving infrastructure, transport, and operational efficiency. One of the major accomplishments was the evaluation of structural designs and drawings submitted by private and government agencies. In this regard 772 no. of submissions were approved. Additionally, structural designs and drawings for ten county facilities were successfully completed.

In infrastructure development, 2No. footbridges and 2No. box culverts were constructed. The number of outdoor lighting fixtures increased by 3,000, bringing the total to 69,230. The sector also rehabilitated 60 grounded vehicles, plants, and equipment while maintaining 400 existing county vehicles and plant equipment.

Driver safety and operational efficiency were enhanced through a defensive training course completed by 405 No. of drivers and plant operators. Collaboration with other departments facilitated the acquisition of 81 new vehicles for service delivery.

Transport infrastructure saw notable developments, including the initiation of 4No. bus termini in Maji Mazuri, Kahawa West, Riruta, and Mutuini. Additionally, 25,650 Kms of non-motorized transport facilities in lower CBD streets—such as River Road, Ronald Ngala Street, Tom Mboya Street, Racecourse Road, Kenneth Matiba Street, and Latema Road—were rehabilitated. Collaborative efforts with the national government were also strengthened, particularly in areas such as urban mobility and infrastructure planning, involving organizations like NAMATA, NTSA, and KURA.

Specific initiatives to manage urban transport included mapping and marking designated parking and dropping points for boda boda operators and digital taxi services, aligning with the city leadership's vision to instill order and dignity in Nairobi's transportation network.

Key technical operations included the preparation of 51 bills of quantities and 162 estimates and schedules for materials and costs. The ceremonial dais was erected for the Governor and state officials during four major functions. Lastly, the workforce was bolstered through the recruitment of 55 engineers specializing in electrical, mechanical, structural, and civil disciplines, alongside 63 works officers and technical inspectors, and 212 drivers and plant operators.

Achievements for Mid 2024/2025.

The roads construction and rehabilitation initiatives have significantly contributed to infrastructure development across various wards. Notable completed projects include the construction of Ngina Road in Waithaka Ward, 6th Street in Eastleigh Airbase Ward, and Galole Road in Eastleigh North Ward. Additionally, rehabilitation efforts in the Industrial Area, such as Lot 1 Roads (Garage Road, Homabay Road, and Workshop Road) and Lot 9 Roads (Ndume Road, Nyahera Road, and Mogadishu Road), were successfully completed. Rehabilitation in Eastleigh, including Waudo Street and Muchai Drive, has further eased traffic flow and improved safety.

Ongoing projects reflect a continued commitment to infrastructure improvement. Storm water drainage infrastructure is under development in Gatina Ward and Thome Estate, addressing critical water management issues. The construction of Drumvale–Sir Henry Ring Road in Ruai and improvements to Mwangi Riika Crescent and Irungu Riika Road are progressing well, aiming to enhance connectivity and access for residents.

The achievements in the roads and structural engineering sectors have been marked by significant progress across various projects aimed at enhancing connectivity and infrastructure quality.

In structural engineering the key focus is to enhance mobility and connectivity. Major achievements include the ongoing construction of the Gituamba Motorable Bridge in Dandora IV Ward and Jerusalem–Kiambiu motorable bridges at 30% complete, Silanga-Obama reinforced

concrete bridge in Njiru Ward, which is substantially complete at 95% and Ruai Ward Bridge project at 95%

On traffic management, the installation of guardrails along city streets, which is 20% complete. Additionally, construction and rehabilitation of non-motorized transport (NMT) corridors in the CBD, including Racecourse, River Road, and Tom Mboya Street is 75% complete.

Furthermore, public transport facilities are being constructed, rehabilitated, and maintained in areas like Kahawa West, Maji Mazuri, and Riruta, with completion percentages ranging from 5% to 70%.

3.2 HEALTH, WELLNESS & NUTRITION

For the year 2023/2024, health, Wellness and Nutrition sector made substantial strides with a multi-faceted approach by addressing public health challenges, disease prevention, healthcare service delivery, and community engagement. Key notable achievements for the year under review are;

- Increased the number of individuals tested for HIV to 958,711 from a target of 871,000
- Trained 650 No. of healthcare workers with skills in HIV management,
- Immunized 130,412 No. of children
- Over 150,342 community members were reached with GBV and sexual reproductive health (SRH) messaging,
- Community health promoters (CHPs) were supported with 7,372 health kits and mobile phones for e-Community health information systems.
- A No. of 7,480 CHPs received performance-based stipends, reinforcing motivation and service delivery.
- Over 370,000 school children underwent bi-annual nutrition status assessments and 573,435 were dewormed
- Screening for NCDs like hypertension, diabetes, and cancer intensified, reaching 210,000 clients.
- cervical cancer screening for women of reproductive age totaled 36,022, while 40,000 women were screened for breast cancer.

- Facilities offering integrated mental health services increased to 8 with 1,507 people accessing mental health treatment services.

Achievements for Mid-2024/2025

The Health, Wellness, and Nutrition (HWN) sector has made remarkable progress across its key programs and initiatives. The HIV/AIDS Program achieved a 3% mother-to-child transmission rate, with 338,446 individuals tested for HIV, and 140 healthcare staff trained to strengthen service delivery. In TB control, 504 cases were identified and treated while 2,224 clients were enrolled in TB preventive therapy. Maternal and child health services recorded 58,208 skilled deliveries, while 269,611 women received family planning services. Immunization efforts saw 60,050 children fully immunized, with 67,223 treated for pneumonia and diarrhea. Neonatal care for 2,515 preterm and low-birthweight babies was supported through kangaroo mother care. Community health efforts dewormed over 314,000 children and supplemented 331,177 with Vitamin A. In community health, 7820 received performance stipend, 780,000 households were visited, 1,564 community dialogues were conducted, and 2,346 community action days were organized. Additionally, the National Government supplied smart phones to 135 Community Health Promoters (CHPs). Currently, a total of 7507 out of 7820 Community Health Promoters have been provided with the smart phones. CHPs with kits remain 7372 out of 7820.

Environmental health interventions led to 3,278 premises being inspected, 190,273 food handler certificates issued, and 84,510 households gaining access to sanitary facilities. Health promotion initiatives distributed 20,000 health messages and conducted 54 public literacy sessions, although staffing for these programs remains an area of focus.

On school feeding, in a bid to give every school going child in Nairobi a decent feeding program, the County constructed 17 central kitchens in 17 sub counties and implemented the school feeding program for 310,000 public ECDE and primary school learners in over 200 schools.

In a bid to conduct Nutrition and Wellness risk assessment and optimal management in different disease conditions, clients visiting our Health facilities received Nutrition assessment Counselling and support in 50% out of the target 65% of the 125 health facilities; The Staff Wellness Centre at Parklands Highbridge has been established to cater for staff needs and the Sinai Rehabilitation

Centre has been operationalized to cater for alcohol addicts supported by the Nairobi City Council Liquor Board.

The Human Milk Bank in Pumwani Maternity Hospital has supported the nutrition of 819 vulnerable small and sick neonates with prematurity, low birth weight, sickness and abandonment. There has been increased Donor Human Milk Referral to Mbagathi and Mama Lucy Kibaki Hospitals. There is increased demand due to the operationalization of the Neonatal ICUs hence need to expand the Human Milk Banking services.

Pregnant women receiving iron and folate supplements were 80% and Vitamin A supplementation for children achieved high coverage. Exclusive breastfeeding reached 90%, but efforts to establish lactation stations in workplaces are still pending.

In the county facilities, Mbagathi Laboratory achieved ISO certification. The Sector also procured and distributed 223 computers to various facilities across the county to facilitate rollout of SHA. The Sector also operationalized Intensive Care Unit (ICU) and Renal unit in Mama Lucy Kibaki Hospital, partitioned Parklands/High ridge Health Centre to establish Cancer Centre and operationalized and equipped various installations.

3.3 TALENT, SKILLS DEVELOPMENT AND CARE

Talent Skills Development and Care (TSDC) made significant strides during the financial 2023/24 financial year.

To enhance early childhood development, the sector disbursed Kshs. 645,300,000 in bursaries and scholarships during the fiscal year 2023/2024, bringing the cumulative total since September 2022 to Kshs. 1.6703 billion. The completion and launch of five new ECDE centers—Kongoni, Imara, Gatina, Molwem, and Highway Manyatta—marked a significant achievement, alongside the disbursement of Kshs. 100 million as Free ECDE Funds to support 30,000 learners.

On Vocational Education and Training, the Sector enrolled 100 trainees under the Safaricom Wezesha sponsorship program and built capacity for 30 VTC instructors. Community engagement was enhanced through job fairs held in eight VTCs, connecting trainees with local industries. Notably, disability-friendly facilities were constructed to ensure inclusivity in vocational training.

Community Development Services saw the organization of 16 exhibitions aimed at fostering market connectivity for products made by community self-help groups, alongside 1,868 visits to provide technical support. Training programs were implemented, benefiting 571 participants in group development and business skills.

Family and Social Welfare section provided essential care and protection for 45 elderly individuals and outreach support for an additional 243 vulnerable persons. Psychosocial support was extended to 2,813 clients, and a draft Nairobi County older persons welfare policy was developed to enhance support for the aged.

Youth Affairs initiatives focused on empowerment, establishing a Youth Innovation Hub and a comprehensive database of youth groups. Over 650 youths received capacity-building training in financial literacy and ICT skills, while sensitization forums addressed critical issues such as mental health.

Sports Development, infrastructure improvements were made across various facilities, including Dandora Stadium and Mwiki Sports Complex. The Sector hosted events like the Kicosca Games and facilitated support for para-volleyball teams, promoting inclusivity in sports.

Achievements for mid- 2024/2025

Education and Vocational Training sub-sector, there were substantial achievements in teacher capacity building, with 2,050 teachers trained against an annual target of 1,050. The Vocational Education and Training sub-program had some successes in integrating e-learning. Additionally, in Family and Social Welfare Services, 526 aged persons received support, and 12 disadvantaged household.

Youth Empowerment Initiatives also made strides, with the establishment of youth resource centers and capacity-building forums. Community Development sector, successful community exhibitions and exchanges that fostered peer learning and best practices were conducted. Additionally, awareness campaigns on the dangers of drugs and pornography were conducted.

3.4 BUSINESS HUSTLER AND OPPORTUNITIES

During the 2023/2024, several key achievements were made across the sectors. In the regulation of alcohol sales and consumption, the sector carried out 42 awareness campaigns on alcoholism

and liquor laws, developed and gazetted a zoning policy for nightclubs, and issued 4 nightclubs licenses. Additionally, the sector conducted 5 capacity-building programs and collaborated with NACADA for an alcohol consumption survey.

In the control and regulation of betting, lotteries, and gaming, the sector developed the Nairobi City County Betting, Lotteries, and Gaming Bill, 2023, and held multiple consultations and stakeholder engagements. They successfully supervised 22 casinos and raised Kshs13.35 million in revenue, although the revenue target of Kshs24 million was not met due to system failures and a nullified bill.

For the growth and development of Micro and Small Enterprises (MSEs), the sector held roundtable consultations, participated in the development of a trade policy, and initiated the profiling of 90 MSEs for the Biashara stimulus program. They also facilitated 260 MSEs to participate in exhibitions but faced budget constraints that impacted some planned activities. Additionally, 10 Common Interest Groups were registered, and 100 MSEs received capacity-building training.

In promoting co-operative societies, 133No. of new societies were registered, 56 dormant societies revived, and 80 inspections were carried out. In order to promote accountability and transparency in co-operatives, 619 audits were conducted, and 576 audited accounts were presented at AGMs.

Achievement mid-financial year 2024/25

In the mid-financial year 2024/25, the sector has achieved notable milestones across multiple areas. The County Director of Liquor Licensing surpassed its target by increasing liquor license issuance to 778, while also conducting 11 sensitization exercises and training staff. In the Betting, Lotteries, and Gaming sector, the team licensed 17 pool tables and 1 public gaming premises. In Co-operative Societies, 19 new registrations and 20 revivals were completed, and multiple education forums were held. The sector also carried out 50 co-operative audits and raised significant audit fees.

In Market Infrastructure, new markets are under construction, they include Jujo market which is at 65 % and still on going, Mutuini market in Dagorreti South at 80% complete, Kahawa West market at 55 %, two markets were rehabilitated, Pumwani at 99% completion and Njiru perimeter

wall completed. Additionally, efforts in promoting fair trading practices included 5,000 weighing and measuring instruments.

3.5 GREEN NAIROBI

3.5.1 Agriculture, Fisheries and Natural Resources

The sub-sector reached out to about 4,956 farmers through training, demonstrations, and exhibitions and established 188 crop demonstration plots, enhanced animal food origin safety by sensitizing 2178 stakeholders and residents on public health education, prepared & participated at the NITFs, Strengthened partnerships and collaboration for sustainable food systems through fostering 100 partnerships/stakeholder engagement forums.

The fisheries sector achieved notable results, with 757 fish farmers trained and 1,088 fish trading premises inspected. All fish dealers were licensed, ensuring compliance with safety standards. However, limited funds hindered the construction of fish tanks and new ponds.

In the mid-year of FY 2024/25, the department reached 5,522 farmers with agricultural extension messages, achieving 65% of the annual target of 8,500. Additionally, all 230 crop and livestock demonstration plots targeted for Jamhuri Park Grounds were successfully established.

3.5.2 Environment, Water and Sewerage, Forestry and Natural Resources

During financial year 2023/24, the sub sector improved the cleanliness of the city by recruiting 3500 Green Army on contract basis, collected about 2400tons of waste per day, constructed a ramp & maintained access roads at Dandora dumpsite, increased efficiency of dumpsite operations by installing a new weighbridge at Dandora dumpsite. Maintained 5 recreational parks boosting the number of visitors visiting the parks to 1,149,739 from 52,000, Improved aesthetic value of environment by planting 1,643,889 tree seedlings. Improved 53 targeted landscape spaces, roundabouts median and frontages, reduced nuisances and complaints by issuing 170 statutory notices compared to the previous year.

More so, the sector increased resilience to climate change by establishing and maintaining 27No. of city-wide Air quality monitoring & management network, installed 1No. air quality monitors,

increased water availability to 525,600m³ per day thus increasing the number of households connected to clean water and sewer coverage in the city to 81%.

In the mid-year of FY 2024/25, the sub sector increased daily solid waste collection from 1,500 to 1,800 tons and installed 500 litter bins in the CBD, Westlands, and parks. Twelve citywide cleanups and six waste management awareness campaigns were conducted, alongside two stakeholder forums engaging PSPs and CBOs.

Additionally, the sub-sector created 40 environmental awareness initiatives and inspected 63 public toilets to address gaps. Community-led actions targeted noise pollution, illegal dumping, and effluent discharges. Climate change efforts included developing a Climate Change Act, forming ward committees, and increasing air quality monitors to 60 units in collaboration with stakeholders. Three climate action areas—waste, transport, and energy—are being implemented, with waste characterization at organic markets reaching 70%

3.6 INCLUSIVITY, PUBLIC PARTICIPATION & CITIZEN ENGAGEMENT

During the financial year 2023/24, the sub-sector of public participation conducted a baseline survey to identify gaps in public participation and civic engagement. It successfully held 109 public participation forums across all 17 sub-counties. To enhance inclusivity, digital participation platforms were integrated during the Affordable Housing forums, enabling more citizens to contribute remotely. The directorate of Customer Service ensured customer experience remained a priority, with significant efforts focused on accessibility and responsiveness. Over 5,000 county staff were reoriented on customer service to enhance their ability to meet citizen expectations. The City Hall Customer Service Centre underwent digital transformation, introducing a Constituent Management System (CMS), a PABX system, and bulk SMS updates to streamline communication.

Inclusivity was also a focus, with the introduction of Braille customer feedback forms to accommodate persons with visual impairments. Additionally, a feedback forum held at Charter Hall enabled citizens to engage directly with the county. The directorate of Public Communication made significant strides in enhancing public communication, achieving 80% media visibility for county initiatives. It further implemented the NCCG brand manual and rebranded 56 county

facilities and 106 assets to improve the county's image. Public participation forums also benefited from extensive media outreach, ensuring greater citizen engagement and transparency.

The sub-sector of City Culture Arts and Tourism prioritized nurturing local talent and fostering cultural unity through events such as the *Battle of the Choirs* and the *Nairobi Annual Festival* brought communities together while showcasing the city's rich artistic talent. A mobile recording studio was introduced to support creatives, although it was unfortunately lost during the Gen Z protests. They validated tourism policy, developed a comprehensive tourism database, and did a promotional documentary to market the city effectively.

In addition, the county successfully celebrated World Tourism Week with activities like nature walks, exhibitions, modelling events, and a heritage walking tour, showcasing Nairobi's unique offerings and promoting local tourism. The Sub-sector of Gender and Inclusivity Advocacy made significant progress in advancing gender equality and promoting inclusivity. A ten-year strategic plan was developed in collaboration with key stakeholders. Two safe houses were completed: Mji wa Huruma in Karura Ward, supported by Nairobi County NGAAF, and an expanded facility in Kayole, backed by World Vision. More so, the old Kayole safe house rehabilitated 30 survivors of gender-based violence (GBV), reintegrating 24 and providing educational support for 2 survivors in secondary school. To further support vulnerable populations, 3,000 sanitary towels were distributed to girls, and 1,300 assistive devices were provided to Persons Living with Disabilities (PLWDs) through advocacy forums.

Achievement mid-financial year 2024/25

In the first half of the financial year, four county facilities were rebranded, reinforcing the county's commitment to a consistent and professional image. Additionally, a roadshow was conducted to popularize key county policies and increase public awareness of ongoing initiatives.

Further, 694 No. assistive devices were distributed to PLWDs. The sector also mentored 500 girls and empowered them through a partnership with World Vision, reinforcing efforts to address gender and inclusivity challenges. Two customer service centers, in Dandora and Makadara, were reactivated to extend services closer to communities.

3.7 BUILT ENVIRONMENT AND URBAN PLANNING

3.7.1 Urban Development and Planning

During the financial year 2023/24, the Urban Development and Planning sub-sector successfully completed three urban planning policies and achieved 80% progress in developing the Online Development Approval System through the Nairobi Planning and Development Management System (NPDMS). Additionally, the sub-sector reached 100% completion in processing development applications for building permits, planning permits, and advertising permits, thereby enhancing order, economic growth, and environmental sustainability within the county by promoting and guiding physical development.

The sub-sector issued 227No. occupation certificates, 381No. enforcement notices, and 8,688 No. renovation permits, significantly contributing to the county's revenue generation and a significant reduction in illegal structures. Furthermore, 765 court cases were prosecuted, resulting in the collection of revenue through court fines and penalties and improving compliance with development regulations.

Through the regularization program, the sub-sector regularized 190 unauthorized developments and strengthened compliance with building regulations by conducting 100% surveillance and statutory inspections. All public complaints received during the review period were addressed ensuring customer satisfaction at all times. Additionally, the sub-sector conducted 17 planning awareness clinics and sensitization forums to engage the public.

3.7.2 Lands, Survey, GIS, and Mapping Services

During the reporting period, the Lands, Survey, GIS, and Mapping Services sub-sector surveyed 6,020 parcels of land and prepared 17,761 leases. Infrastructure surveys were increased by 100%, and 56,000 plots were digitized. The sub-sector successfully integrated seven departments and added 11,650 properties to the valuation tool for rating purposes, which led to a significant increase in revenue collection and reduced revenue pilferage.

3.7.3 Housing and Urban Renewal

For the year under review, construction of 1,562 affordable dwelling units in Pangani and 1,830 units in Jeevanjee estates commenced through joint ventures with private developers. The planning

and surveying of seven informal settlements in Nairobi County—Kahawa Soweto, Kayole Soweto, Kambi Moto—were completed.

Seven development partners were procured for the redevelopment of Bahati, Jericho (2 Lots), Ziwani, Maringo, Woodley, and Kariobangi North estates. The improvement of infrastructure in Kahawa Soweto, Kayole Soweto, Kambi Moto, and Embakasi Sokoni is ongoing.

Furthermore, the Housing and Urban Renewal sub-sector supported other sectors by providing architectural designs, cost estimates, bills of quantities, and project supervision.

Achievements for mid- 2024/2025

Urban planning

The sector enhanced order, economy, aesthetics, and environmental sustainability within the county by promoting and guiding physical development. Key achievements include: Preparation of an urban planning policy and development of an online application approval system

Through the Slum Upgrading Program, the sector improved living standards in informal settlements by undertaking infrastructural development such as; Construction of roads, storm water drainage systems, and street lighting in estates like Kahawa Soweto, Kayole Soweto, and Kambi Moto.

Through affordable housing Programme, the sector made strides in increasing access to quality and affordable housing by initiating development of 1562 no. housing units at pangani estate currently at 45% completion and 1,803No. housing units at Jevanjee Estate (currently 46% complete).

The Lands Department focused on improving land tenure security and expanding the cadastral database by: Preparing and issuing 1,027 leases. These achievements demonstrate the sector's commitment to sustainable urban development, improved living conditions, and enhanced service delivery for all residents of the county.

3.8: INNOVATION AND DIGITAL ECONOMY

During the financial year 2023/24, the subsector achieved the following; Developed one interactive online form which incorporated Betting & Gaming, Fire Certificate, Health, Parking

(Seasonal, Daily and Sacco), Housing and Land Rates, maintained and updated the County Government on the County Web Portal, acquired a primary internet service provider, provided internet access to all the County offices located at Main City Hall, City Hall Annex and Satellite offices.

The subsector of Digital Economy was able to initiated a Fun coding for Kids and sponsored youths in Nairobi County in Moringa school for their skill development. Through smart Nairobi, a 3days Nairobi Tech week was organized.

3.9 FINANCE AND ECONOMIC PLANNING

The County Treasury is responsible for developing and implementing financial and economic policies, preparing the annual budget, coordinating budget implementation, resource mobilization, managing County government public debt, consolidating financial statements as per the public sector accounting standards board requirements, prudent management of county assets and custodian of the County Assets Inventory, maintaining proper accounts for the County Revenue Fund, County Emergencies Fund and other public funds administered by the County Government.

During the financial year 2023/24, the sector achieved the following core mandates;

- Submitted Financial Reports and attained a Qualified report
- Insured all County Assets 100%
- Updated County Assets Inventory.
- Formulated the ADP & CFSP
- Tracked the Implementation of ADP & CFSP.
- Submitted the Budget & Expenditure Reports
- Submitted CBROP 2024
- Formulated the Debt Strategy Paper
- Executed procurement plan

Achievements for FY 2024/2025 JULY- DECEMBER 2024

- Submission of CBROP 2024
- Submission of quarterly report on budget implementation
- Submission of 2 quarterly reports on financial status

- Updated asset register by 45%.

3.10 BOROUGHs AND PERSONNEL ADMINISTRATION

3.10.1 Office of The County Secretary

During the Financial year 2023/2024, the office of the CS achieved the following; improved service delivery by renovating 19 No. washrooms and 2No common areas at main City Hall and 14No. washrooms and 9No. common areas at City Hall Annex. Moreover, the office created more working space for County staff by partitioning offices at CBK pension towers, drilled and equipped a borehole at City Hall to ensure a 24hr water availability, refurbished City Hall annex and completed 1st floor Main City Hall offices for efficient service delivery.

3.10.2 Office of The Governor

The County Executive sustained to discharge its constitutional mandate of policy formulation and implementation of both County laws and policies. The sector focused on providing leadership and coordination of external resource mobilization through local and international partners who continue to play a key role in supporting our sectors in enhancing capacity to deliver high quality services.

Though directorate for Donor Coordination and Stakeholder Engagement the office continued to expand the sphere of technical cooperation and collaboration targeting diverse areas of service delivery.

Further, the directorate for Inter-Governmental Relations (IGR) continued to play a key liaison role with National Government entities as well as the inter- County forums including the Council of Governors.

3.10.3 Boroughs and Sub County Administration

During the FY 2023/2024, one legal framework for the formation of boroughs was developed and 17No. public participation forums were held. The sector constructed southern borough which is still ongoing and commenced the construction of Northern Borough office.

3.10.4 Security and Compliance

During the financial year 2023/24, the sector enhanced enforcement and compliance with county laws through the implementation of the following activities;

- The sub-sector successfully recruited 1,000 new enforcement officers to strengthen its workforce and strengthen its ability to carry out its mission.
- The sub-sector enhanced 60% security and compliance with county laws regarding parking zones, pedestrian walkways, and traffic signals demonstrating a proactive approach to providing safety to the Nairobi residents.
- Removal of illegal structures and guarding of 420 institutions signifies efforts to maintain order and prevent encroachment on public spaces. The protection of 27 VIPs indicates a focus on high-profile security and counter-threat measures.

3.10.5 Disaster Management and Coordination

For the financial year 2023-24, the sector did not achieve much in terms of key outcomes, however, it managed to reduce the response time from 10 minutes in a radius of 15kms to 9 minutes. The subsector was also able to establish one substation at Kibra Sub- County and construct one fire station at Gikomba (on-going) in Kamukunji Sub-County.

For the mid- year 2024/2025 the sector was able to reduce response time from 8minutes to 7 minutes within a radius of 15km. Ambulance response time also reduced from 20 minutes to 15 minutes within a radius of 15km. The sector also trained and deployed 55 Disaster Management officers to sub-counties.

3.10.6: Internal Audit

In terms of key outcome, the sector improved risk management and quality assurance through production of 13 No. of audit assessment reports, conducted 13 No. of audit reviews and offered 2 No. of advisories. In the mid- year 2024/2025 the department managed to formulate 5 risk assessment reports out of a target of 12.

3.10.7 Office of The County Attorney

During financial 23/24, the office of the County Attorney was able to recruit Counsel and law Clerks through the Nairobi County Public Service Board to fill in the human resource requirements in the existing departments and the two additional departments within the office which were created during its restructuring. It successfully defended the County against 253 civil lawsuits filed against it, registered a substantial number of cases (12,798) arising from breaches of County Laws.

The OCA drafted guidelines for bursary programs and submitted them to the County Executive Committee (CEC) for approval, prepared the Biashara Fund PFM Regulations 2023, PFM

Regulations for Hospital Management Boards and Financing which are currently under review, public participation and in collaboration with the relevant CEC, prepared 17 regulations related to mobility.

For the period under review, the office has actively participated in legal proceedings on behalf of the county, analyzed and evaluated the costs associated with legal services, potentially identifying areas for cost optimization. Drafted Legislative Proposals and Statutory Instruments, assisted in the preparation of legal documents related to property transactions, such as leases and deeds.

3.10.8: Public Service Management

In FY 2023/24 the sub-sector Procured Medical, WIBA and GPA cover for 13,716 staffs, processed and submitted monthly payroll by the 15th (2023/24) of every month. It further implemented career development and youth programs to empower youths. Youth internship and apprentice policy was also developed.

3.11 WARD DEVELOPMENT PROGRAMME

The Ward Development Programme administers funds for development of all 85 wards in Nairobi City County. The core mandate of the WDP is to ensure equity through providing quality physical infrastructure within the Wards. For the period under review, a number of projects physical infrastructure, expansion of roads and drainage, street lighting, drilling of boreholes and construction of footbridges and other social amenities were implemented.

3.12 COUNTY PUBLIC SERVICE BOARD (CPSB)

For the period under review, the CPSB played a crucial role in advising the county government on best practices for HR management, performance evaluation and remuneration, ensuring that policies are aligned with national standards, evaluated and reported on the extent to which public service principles, as stipulated by the Constitution, were adhered to, ensuring a commitment to good governance practices.

Additionally, the CPSB recruited a total of 5,355 officers to enhance work force as per sector requests, promoted 4,782 staffs from different sectors of the county and confirmed 1762 staff as per report received from PSM.

3.13 COUNTY ASSEMBLY

The Nairobi city county assembly is mandated to carry out three main functions namely, Legislation, Representation and Oversight. In the execution of its mandate, the county assembly in the FY 2023/24 achieved the following;

- Considered 60no. motions
- Considered 12no. bills and passed 5no. bills
- Considered 10no. statements and reports
- Considered 5no. legislative proposals

CHAPTER FOUR: RESOURCE AND EXPENDITURE FRAMEWORK 2025/26 - 2027/28

4.1: GUIDING PHILOSOPHY

The budget 2025/26 accelerates the gains accumulated in the 2nd year of implementation of the third generation CIDP 2023-2027 and provides a nexus towards reaching the aspirations of order, dignity, hope and opportunities for all in Nairobi City County. The CFSP 2025 proposes targeted development initiatives in the face of resource constraints. The overall budget implementation will be guided by the three aspirations espoused in the CIDP 2023-2027. In the medium term, focus will be on continuation/completion of the ongoing programmes to ensure value for money in the invested public resources while at the same time meeting the County's development agenda.

4.2 POLICY STATEMENTS TOWARDS THE 2025/2026 BUDGET

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

4.2.1 Expenditure Management& Budget implementation reforms

In the previous years, revenue has continuously fallen short of its target. Expenditure through uncontrolled commitments has resulted to a continuous accumulation and rise of debt. To counter this challenge, and to ensure proper management of expenditure by sectors, the county treasury will sustain measures to strengthen expenditure control and improve efficiency and effectiveness in public spending. These measures will include: implementation of austerity measures aimed at reducing recurrent expenditure; synchronization of quarterly cash flow projections with sector commitments; roll out an end-to-end e-procurement system to maximize value for money and increase transparency in procurement; scale up use of Public Private Partnerships (PPPs) framework for commercially viable projects; full transition to accrual accounting that will enable accountability of all assets and liabilities and strengthening of internal financial controls. Establishment of budget implementation committees across the sectors will also be emphasized.

4.2.2 Management of county Wage bill

Section 25 (1-b) of the Public Finance Management (County Government) Regulations, 2015 stipulates that wages and benefits for public officers should not exceed 35% of Total revenue. Attaining this target has remained subtle for the county, becoming more farfetched with time. To avert this, the paper proposes Suspension of recruitment of new staff with the exception of replacing staff performing critical county functions; Establishing semi-autonomous entities to perform and manage County functions; Consider introduction of a fully funded voluntary early retirement scheme for employees who may want to opt out of permanent employment among other measures.

4.2.3 Public Investment Management

The county has perennially fell short in implementation of development projects. This has been diagnosed to stem from poor conceptualization of projects, exacerbated by poor financing and payment to contractors. In the medium term, the economic planning department will entrench Public Investment Management (PIM) process in all sectors in order to streamline the initiation, implementation, execution, and delivery of public investment projects. Project pre-feasibility and feasibility, Monitoring and evaluation will become the game changer in project completion and absorption of development fund.

4.2.4 Management of county debt

There has been a rapid and persistent increase of the county debt. Resolution of this debt remains a key priority to keep the county afloat. The county treasury intends to halt debt growth in the FY 2025/26 through full implementation of the debt management strategy. To reduce the accumulation of interest and penalties, the county will ensure timely remittance of statutory deductions.

4.2.5 Resource mobilization (Own Source Revenue)

Challenges continue to hamper full realization of own source revenue targets towards financing the budget. Historically, the fiscal gap has been wide and even worsening with time. The best performance was recorded in 2023/204 with an OSR of 12.8 B. To address the fiscal gap in the medium term, the county government will pursue diversification of funding options by exploring innovative and sustainable alternatives beyond the traditional public financing sources. The Priority financing alternatives identified are Public Private Partnerships (PPPs), Green Financing, Capital markets, corporate linkages, Grants and donor funding and their known derivatives.

4.3: External Resource Mobilization and Alternative Financing Mechanism

Recognizing the existing fiscal constraints in financing public programmes from public finance, the medium-term strategy is to pursue the use of alternative financing methods which includes and not limited to;

4.3.1 Public Private Partnerships

Public Private Partnership means a contractual arrangement between a contracting authority and a private party under which a private party¹:-

- a. Undertakes to perform a public function or provide a service on behalf of a contracting authority
- b. Receives a benefit for performing a public function by way of-
 - i. Compensation from a public fund
 - ii. Charges or fees collected by the private party from users or consumers of a public service to them or
 - iii. A combination of such compensation and such charges or fees.
- c. Is generally liable for risks arising from the performance of the function in accordance with the terms of the project agreement.
- d. Transfers the facility to the contracting authority.

The County's potential for employing one of the various models of PPP is greatest in implementation of priority capital intensive projects in the Transportation, Housing, Markets, Health, Water and Sanitation sectors. The projects are summarized in the table below:

Sub-sector	Project Type	Estimated Cost(Ksh)	
Transport	City Metro	97 B	DFBOT
Housing	Affordable Housing	-	JV
Water & Sanitation	Water & Sewer Infrastructure	68.0B	BOT
Health	Health Infrastructure & Equipment	-	
Trade	Construction of Open Air Markets		DB
Environment	Waste to Energy Plant	25.0B	DBFO
Public Transport	Multi-Storey Car Park	5.0B	DBFO
Business and Hustler Opportunities	MSME Revolving Fund	5.0 B	JV

4.3.2 Green Financing

Tapping into green financing for capital projects in Nairobi City can support sustainable urban development while diversifying revenue sources. Green financing refers to raising funds specifically for environmentally sustainable projects, such as renewable energy, waste management, public transport, and climate resilience initiatives. The following fiscal policy directions will be pursued during the medium term:

Issuing Green Municipal Bonds

Nairobi City County will strengthen its capacity to issue a municipal green bonds to finance projects such as clean energy, sustainable transport, and climate-resilient infrastructure. The County government will work with institutions like the Kenya Green Bond Programme and the

Nairobi Securities Exchange (NSE) to structure and list bonds targeting local and international investors. Nairobi City County has been rated “Bbb Ken” by Rating Agency Augusto & Co following an elaborate assessment of the County’s potential to issue a green bond. The assessment covered four aspects namely: economic & fiscal conditions, credit risk, Green Asset base and Green Finance capability. This rating reflects a county with a satisfactory financial condition and adequate capacity to meet obligations as and when they fall due relative to other issuers in the country. Proposed Green Finance Projects are;

- a. Water Harvesting, Management & Distribution (infrastructure & treatment facilities)
- b. Solarize County Facilities-These facilities include Markets, City Hall (Main & Annex), Health Facilities, offices, schools and identified street lighting infrastructure.
- c. City Metro Commuter Electric Light Rail
- d. Affordable Housing Schemes in various estates (Rent-to-Own/Sell scheme) – Green Buildings
- e. Development of Energy Efficient Modern Markets across the County (Muthurwa Market)

Establishing a Nairobi Green Infrastructure Fund

Leveraging on the recently enacted Nairobi City County Climate Action Act, 2024, the County will activate a dedicated fund to mobilize green finance from donors, development banks, and private sector partners. Funds can be sourced from international development partners and institutions including the World Bank, African Development Bank (AfDB), Green Climate Fund (GCF), and UNEP.

The fund will offer blended finance options, combining grants, concessional loans, and private investments. The fund is expected to provide resources for investing in green buildings and eco-friendly housing developments as well as providing incentives for businesses investing in sustainability.

Carbon Credits and Climate Financing

Nairobi can monetize its green initiatives through the carbon credit market by reducing emissions and selling credits to global firms. The City will pursue and establish partnership with the Africa

Carbon Markets Initiative (ACMI) in building capacity for structuring green projects for carbon trading. Initiatives towards establishing a stock for generating carbon credits will include Expanding urban tree-planting programs and wetland conservation. Installing solar mini-grids for low-income communities and selling carbon credits.

Green Taxation and Incentives

The County will introduce fiscal measures to encourage green investments, such as: Tax breaks for businesses adopting sustainable practices, Green levies on polluting industries (e.g., plastic waste surcharge), reduced permit fees for developers building eco-friendly infrastructure.

Proposed initiatives include graduated discounts on land rates for buildings with rainwater harvesting and solar energy and incentivizing electric vehicle (EV) charging stations through tax rebates and Smart Street Lighting Projects.

Leveraging International Grants and Development Finance

The County will pursue measures towards tapping into global climate finance sources such as: Green Climate Fund (GCF) for climate adaptation projects, Global Environment Facility (GEF) for biodiversity and ecosystem restoration, UN-Habitat and ICLEI (Local Governments for Sustainability) for urban resilience initiatives. Such funds will be deployed in green projects such as Flood mitigation through smart drainage and sustainable urban drainage systems (SUDS) and Slum upgrading using climate-resilient building materials.

Sustainability-Linked Loans (SLLs) for Green Projects

The County Government will work with commercial banks and financial institutions to secure sustainability-linked loans with favorable interest rates. These loans are tied to meeting environmental, social, and governance (ESG) targets. Initiatives under this policy initiative include: Borrowing for city-wide solar street lighting with loan repayment linked to energy savings, Funding green public transport with repayment linked to emission reductions.

Smart City and Digital Solutions for Green Finance

Nairobi City will integrate green fintech solutions to attract funding for sustainable projects and deepen digital payment platforms and blockchain can be used for crowdfunding eco-friendly initiatives. Priority initiatives in this direction include: mobile-based carbon offset contributions from businesses and individuals and Green digital wallets for residents to invest in city-led sustainability projects.

4.3.3 GRANTS

States and sub national governments continue to partner towards creating synergy for socio-economic prosperity through official development Assistance, donations and grants. Equally important is the offer of technical assistance, capacity development and knowledge transfer across states and sub national entities.

Leveraging grants as a resource mobilization strategy has the potential to significantly enhance Nairobi City's ability to fund key projects, improve service delivery, and drive sustainable development. The success of the County's grant drive will require strong institutional frame works, strategic partnerships, transparency and long-term planning.

4.4 REVENUE PERFORMANCE 2023/24-2024/25 (Mid)

4.4.1. Revenue performance FY 2023/24

The key County revenue sources for the year under review were equitable share and own source revenue (OSR). By the end of the financial year 2023/2024, the total revenue including equitable share, conditional grants and own source revenues amounted to Kshs. 33.31 Billion against revised target of Kshs. 40.59 B. Total collections from own source revenues amounted to Kshs. 12.81 B against a target of Kshs 19.98 B. This represents an overall shortfall of Kshs. 7.27 B on own source revenues. Total receipts from national government amounted to Kshs 20.07 B which was not revised.

Table 4.1: Nairobi County Government FY 2023/2024 Revenue

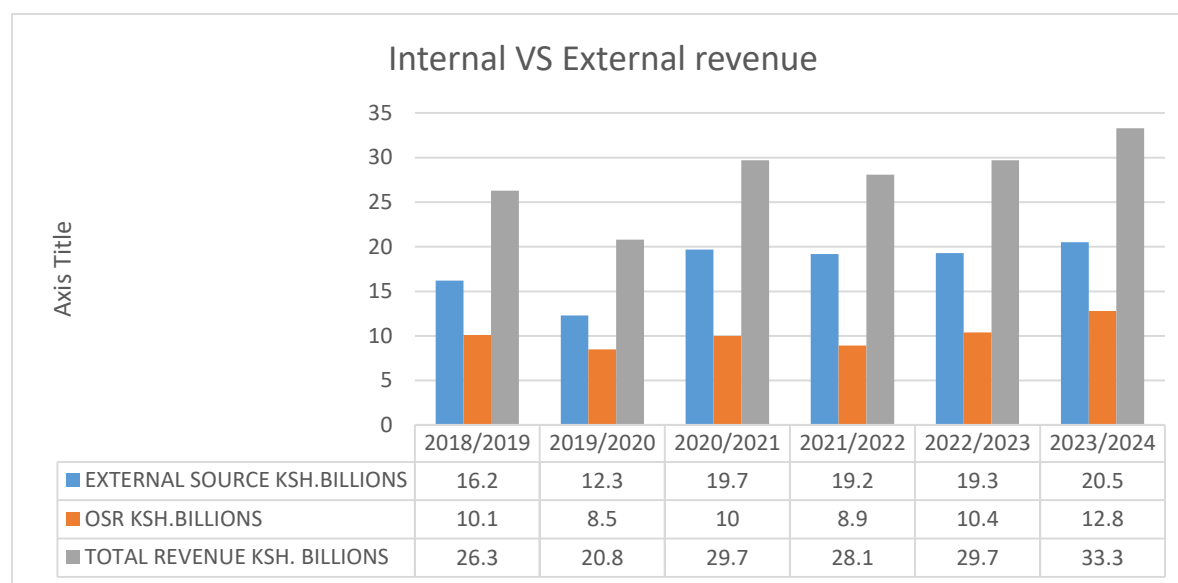
REVENUE PERFORMANCE FY 2023/2024				
REVENUES	FY 2023/24			
	Actual	Target	Deviation	% perf on target
Total Revenues (a+b)	33,319,128,769	40,593,712,128	7,274,583,359	82.1
External Revenues	20,506,286,603	20,604,081,850	97,795,247	99.5
Equitable Share	20,072,059,113	20,072,059,113	-	100.0
Sweden-Agricultural Sector Dev't Support Programme II	6,507,770	6,507,770	-	100.0
World Bank-to Finance Loccaly Led Climate Action Plans (FFLoCA)	-	11,000,000	- 11,000,000	-
DANIDAGrant-Primary Health Care in Devolved Context	29,048,250	29,048,250	-	100.0
Provision of fertilizer subsidy programme	-	14,721,991	- 14,721,991	-
Allocations for court fines	-	70,740,842	- 70,740,842	-
Allocation for mineral royalties	-	3,884	- 3,884	-
Road Maintenance Levy Fund			-	
World Bank -Kenya Informal Settlement Improvement Project II	398,671,470	400,000,000	1,328,530	99.7
Own Source Revenue	12,812,842,166	19,989,630,278	-7,176,788,112	64.1
Land Rates	3,483,511,667	7,029,557,863	-3,546,046,196	49.6
Parking fees (total)	1,971,655,353	3,000,000,000	-1,028,344,647	65.7
Single Business Permits	2,394,575,767	3,000,000,000	-605,424,233	79.8
Plans and Inspections	1,234,773,822	1,900,000,000	-665,226,178	65.0
Billboards and advertisements	661,616,854	1,200,000,000	-538,383,146	55.1
House Rents	503,392,053	605,400,000	-102,007,947	83.2
Fire Inspection Certificates	58,338,357	453,000,000	-394,661,643	12.9
Food Handlers Certificates	106,789,406	300,000,000	-193,210,594	35.6
Markets	214,271,356	560,000,000	-345,728,644	38.3
Other Incomes	840,935,715	1,371,672,415	-530,736,700	61.3
Liquor Board Revenue	270,747,747	300,000,000	747,747	100.3
Hospitals/Nairobi Funeral Home	1,072,234,069	270,000,000	772,234,069	357.4

Source: County Treasury

4.4.2. Previous revenue performance (both OSR and external revenue)

The total cumulative revenues amounted to Kshs. **29,78** Billion against a target of Kshs. 39.6 B in FY 2022/23. Over the years, the revenue performance has been far below the annual target(Fig4.1). This have affected budget implementation and caused fiscal distress.

Fig. 4.1: Previous revenue performance for FY 2018/19-2023/24



Source: County Treasury

Own Source Revenues

By the end of June 2024 total cumulative internal revenues amounted to Ksh.12.81 Billion against a target of Kshs. 19.98 Billion. This represented a revenue performance of 64.1% of the revised target. The underperformance mainly affected the key revenue streams namely Rates, Single Business Permits, Parking Fees and Billboards that make up the major internal sources contributing the major component of the internal revenue. However, the performance of own source revenue is the highest collection that Nairobi County has ever collected.

Table 4.2: Own source revenue performance for FY 2023/24

REVENUE PERFORMANCE FY 2023/2024								
REVENUE S	FY 2022/2023 Actuals	FY 2023/24				Performance Analysis		
		Actual	Target	Deviation	Growth	% Deviation	% Growth	% performance on target
Land Rates	2,866,395,246	3,483,511,667	7,029,557,863	-3,546,046,196	617,116,421	-50.4	0.2	49.6
Parking fees (total)	1,861,601,275	1,971,655,353	3,000,000,000	-1,028,344,647	110,054,078	-34.3	0.1	65.7
Single Business Permits	1,633,513,224	2,394,575,767	3,000,000,000	-605,424,233	761,062,543	-20.2	0.5	79.8
Plans and Inspections	1,015,728,312	1,234,773,822	1,900,000,000	-665,226,178	219,045,510	-35.0	0.2	65.0
Billboards and advertisements	593,283,759	661,616,854	1,200,000,000	-538,383,146	68,333,095	-44.9	0.1	55.1
House Rents	450,419,350	503,392,053	605,400,000	-102,007,947	52,972,703	-16.8	0.1	83.2
Fire Inspection Certificates	202,611,108	58,338,357	453,000,000	-394,661,643	-144,272,751	-87.1	-0.7	12.9
Food Handlers Certificates	132,717,178	106,789,406	300,000,000	-193,210,594	-25,927,772	-64.4	-0.2	35.6
Markets	91,656,792	214,271,356	560,000,000	-345,728,644	122,614,564	-61.7	1.3	38.3
Other Incomes	378,701,869	840,935,715	1,371,672,415	-530,736,700	462,233,846	-38.7	1.2	61.3
Liquor Board Revenue	937,801,901	270,747,747	300,000,000	747,747	-667,054,154	0.3	-0.7	100.3
Hospitals/Nairobi Funeral Home	238,309,894	1,072,234,069	270,000,000	772,234,069	833,924,175	257.4	3.5	357.4
Totals	10,402,739,908	12,812,842,166	19,989,630,278	(7,176,788,112)	2,410,102,258	-35.9%	23.2%	64.1%

Source: County Treasury

Reasons for Non-Performance

1. Lack of Updated Systems: Outdated GIS-based valuation roll systems can lead to inaccuracies.
2. Limited Rated Properties: Not all properties are captured in the Nairobi Pay system.
3. Non-Compliance with Sectional Titles: Difficulty in enforcing sectional titles.
4. Inefficient Rates Compliance: Centralized compliance activities can be inefficient.
5. Low Customer Awareness: Lack of customer sensitization on the Nairobi Pay system.

6. Government Debt Collection: Challenges in following up on government debts.
7. Revenue Collection: Inefficiencies in revenue collection through operation clamp down.
8. Service Centers: Inadequate one-stop revenue service centers.
9. Dispute Resolution: Ineffective alternative dispute resolution methods.
10. Field Officer Mobility: Lack of adequate transport for field officers.
11. Debt Management: Absence of a dedicated debt management team.
12. Collaboration: Limited collaboration with residence and business associations.

4.4.3. MID-YEAR REVENUE PERFORMANCE FOR FY 2024/25

By end of 31st December 2024 total accumulated revenues including national government transfers amounted to Kshs. 13.189Billion against an annual target of Ksh.43.564 Billion. Ordinary revenues amounted to Kshs. 4.815Billion against an annual target of Ksh20. 411Billion. This is a positive performance on own source Revenue with an increase of 0.9B compared to the same period last financial year 2023/24. The external revenue amounted to Ksh8.374 Billion a slight variance of Kshs 0.8B as compared to last financial year 2023/24 half year Performance.

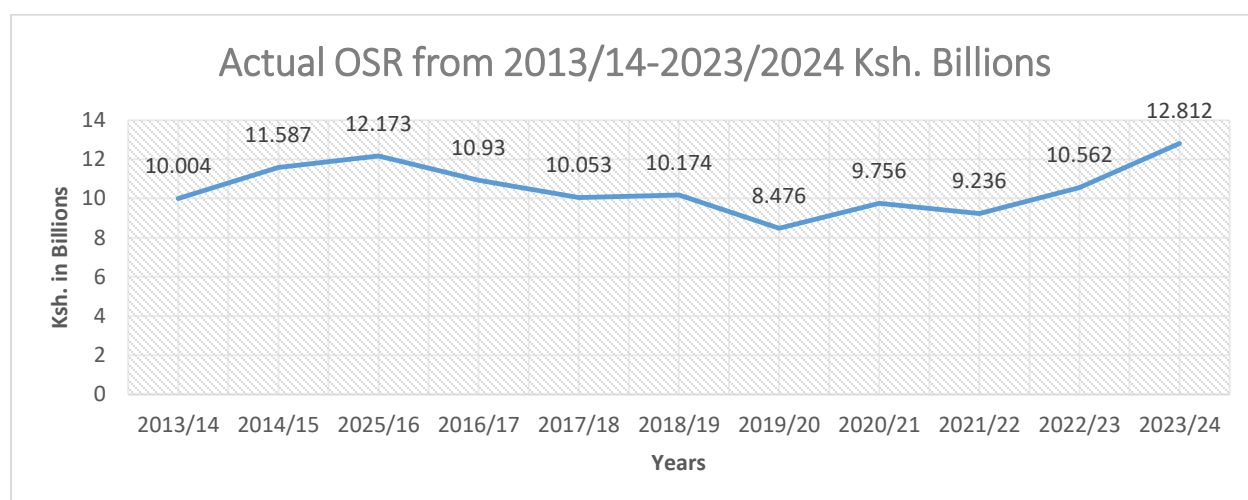
Table 4.3: Own Sources Revenue as at 31st December 2024

REVENUE PERFORMANCE FY 2024/2025			
Revenue Stream	Q1	Q2	TOTAL
Land Rates	196,074,592	142,363,884	338,438,477
Parking Fees (Total)	434,394,048	425,919,869	860,313,917
Unified Business Permit	275,807,390	327,435,659	603,243,049
Plans and Inspections (Building Permits)	484,385,984	481,855,602	966,241,586
Billboards and Advertisements	118,573,758	197,105,437	315,679,195
House and Stall Rent	111,107,698	183,036,552	294,144,250
Fire Inspection Certificates	898,000	620,000	1,518,000
Food Handlers Certificates	22,945,001	18,576,000	41,521,001

Markets	45,981,222	61,694,835	107,676,057
Other Incomes	115,212,572	119,152,788	234,365,361
Hospitals	375,513,305	511,086,262	886,599,567
Nairobi Funeral Home	6,940,180	8,831,530	15,771,710
Liquor	76,489,325	73,105,351	149,594,676
TOTAL	2,264,323,076	2,550,783,770	4,815,106,845

Source: County Treasury

Figure 4.2: Actual own source revenue from 2013/2014-2023/2024



Source: County Treasury

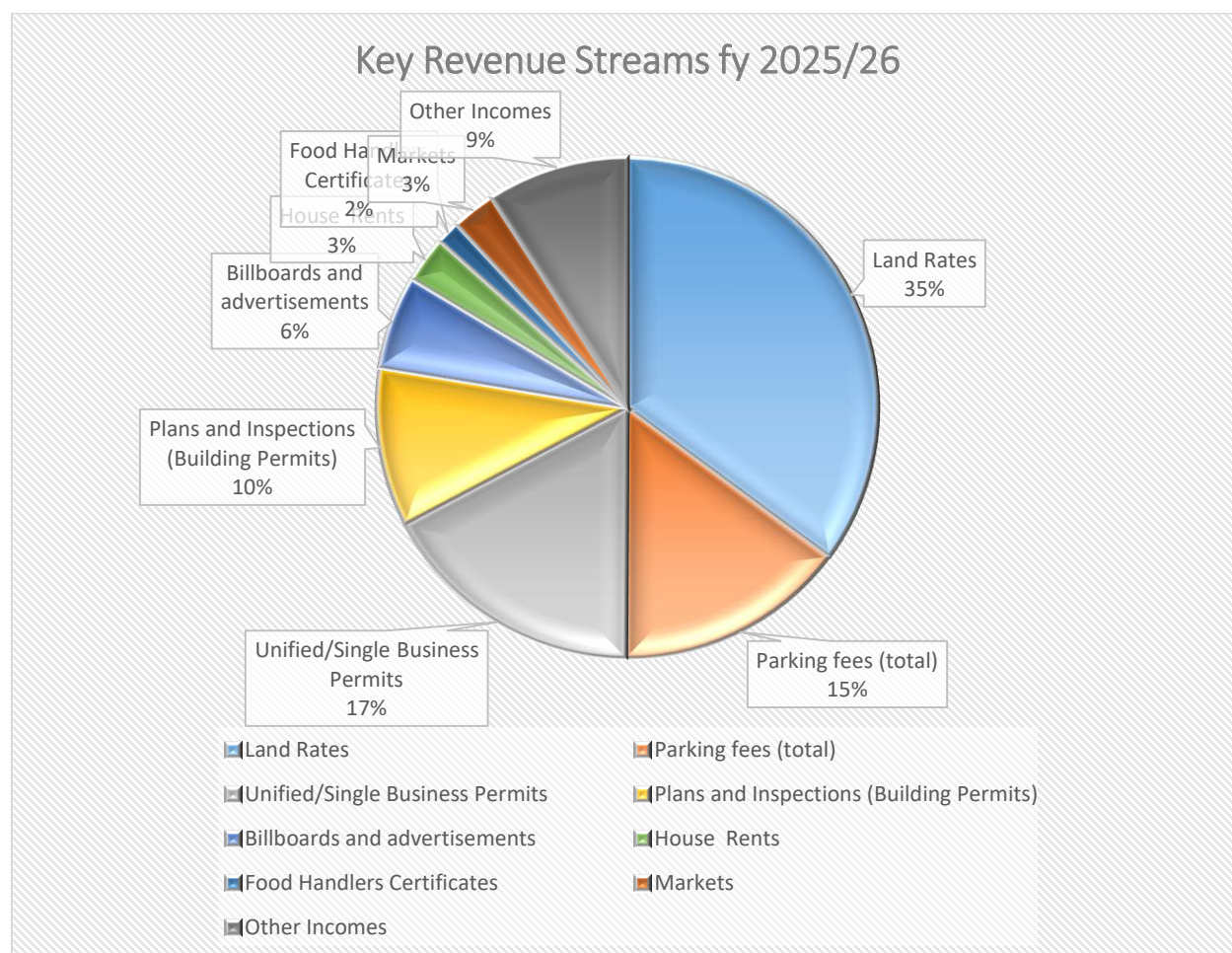
4.5 REVENUE OUTLOOK OVER THE MEDIUM TERM (Revenue components)

4.5.1. Revenue composition

The county budget is funded by revenue from two main sources; Internal and external sources. Over the period, the projected external revenue has always surpassed the revenue generated internally. However, over the medium term, the county will employ aggressive revenue mobilization strategies for internal revenue and through alternative financing options. These include grants, donations, loans, public Private Partnerships, bonds and joint ventures. The key

contributor for internal revenue will be rates (35%), parking fees, single business permits (17%)
Parking fees (15%) building permits (10%) and billboards & Adverts (6%) respectively.

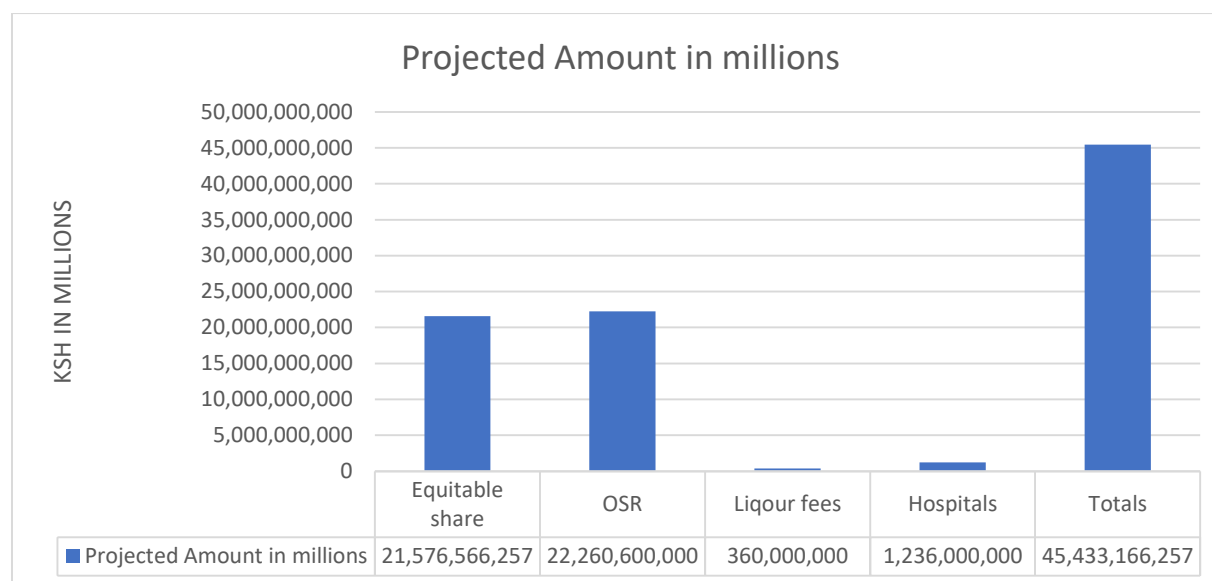
Figure 4.3: Key revenue stream for FY 2025/26



4.5.2. Revenue Projections for FY 2025/26

The projected revenue for FY 2025/26 is Kshs. 45.4B. It is projected that a total of Kshs. 22.26 Billion will be raised from own source revenue, Kshs. 360 million from liquor fees, 1.23B from Hospitals /NFH and Kshs. 21.6 Billion from external sources (Equitable share and other grants).

Figure 4.4: projected total revenue 2025/26



Source: County Treasury

Historically, the contribution of external revenue to the total revenue has predominantly higher than own source revenue. This is projected to continue in FY 2025/26. To meet the own source revenue targets, it will require robust revenue mobilization strategies to specific revenue streams. The own source revenue will constitute 52.4% of the total projections while external revenue will constitute 47.6% of the total revenue projections (Fig. 4.5).

Figure 4.5: Sources of Revenue for FY 2025/26

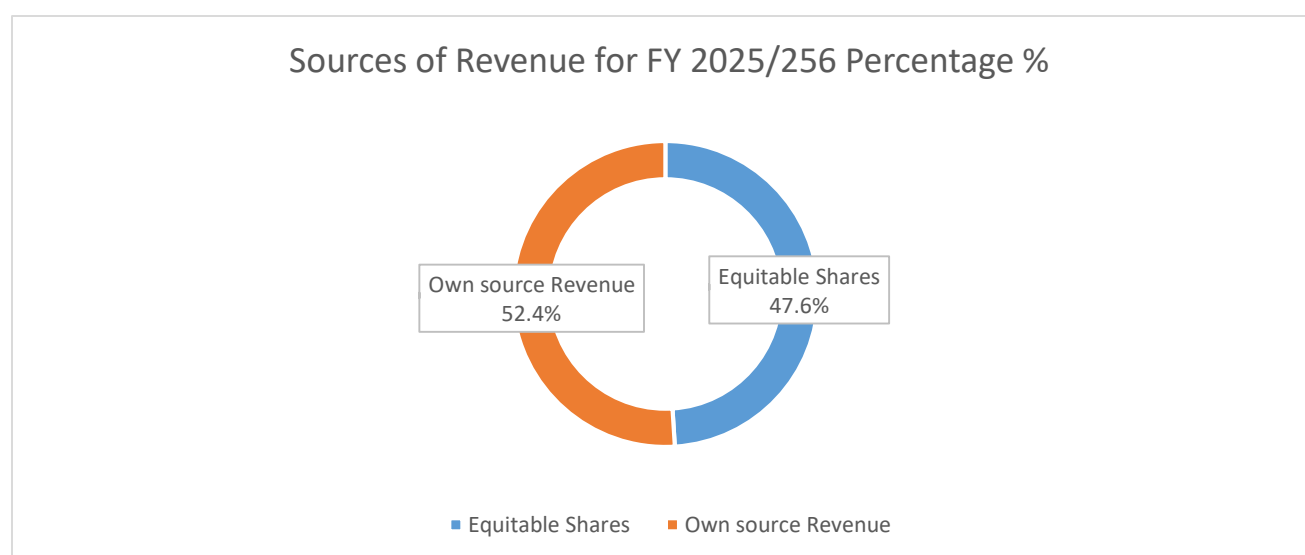


Table 4.4: Fiscal 2025/26 OSR projections by revenue stream

FISCAL PROJECTIONS FOR THE FY 2025/256 & THE MEDIUMTERM						
		FY 2024/2025		FY 2025/2026		
	FY 2023/2024 Actuals	Approved	Supp 1	CBROP 24	CFSP 25 (Drraft)	CFSP (Final)
Own Source Revenues						
Land Rates	3,483,511,667	6,750,000,000	6,750,000,000	7,100,300,000	7,100,300,000	7,600,300,000
Parking fees (total)	1,971,655,353	3,000,000,000	3,000,000,000	3,030,000,000	3,030,000,000	3,330,000,000
Unified/Single Business Permits	2,394,575,767	3,200,000,000	3,200,000,000	3,487,530,000	3,487,530,000	3,687,530,000
Plans and Inspections (Building Permits)	1,234,773,822	2,000,000,000	2,000,000,000	2,070,500,000	2,070,500,000	3,070,500,000
Billboards and advertisements	661,616,854	1,250,000,000	1,250,000,000	1,212,000,000	1,212,000,000	1,212,000,000
House Rents	503,392,053	600,000,000	600,000,000	606,000,000	606,000,000	606,000,000
Fire Inspection Certificates	58,338,357	450,000,000	450,000,000	36,360,000	36,360,000	36,360,000
Food Handlers Certificates	106,789,406	300,000,000	300,000,000	303,000,000	303,000,000	303,000,000
Markets	214,271,356	560,000,000	560,000,000	565,600,000	565,600,000	565,600,000
Other Incomes	840,935,715	1,950,926,033	1,950,926,033	1,849,310,000	1,849,310,000	1,849,310,000
Liquor Fees	270,747,747	351,000,000	351,000,000	368,200,000	368,200,000	360,000,000
Hospitals /NFH	1,072,234,069			1,200,000,000	1,200,000,000	1,236,000,000
SUB TOTAL	12,812,842,166	20,411,926,033	20,411,926,033	21,828,800,000	21,828,800,000	23,856,600,000
Total	34,564,173,242	43,564,266,834	43,830,820,347	44,090,652,851	43,039,376,257	45,433,166,257

4.5.3 REVENUE RAISING MEASURES – OSR OVER THE MEDIUM TERM

For the fiscal year 2025/26 and over the medium-term, the projected own source revenue will be Ksh.22.26 Billion, Hospitals (ksh.1.23B) and liquor fees of Kshs. 360 Million and (**Table 4.4**). The following revenue raising measures especially for the major revenue streams will be employed as summarized below:

Land Rates

The 2025/26 projections in land rates is Kshs. 7.6 B compared to Kshs. 6.75B in FY 2024/2025, against the actual collection of Kshs. 3.48 B achieved in FY 2023/2024. The increase in projection will be achieved by:

- **Expand GIS-based Valuation Roll:** Continuously update and expand the GIS-based valuation roll to include more properties.
- **Increase Rated Properties:** Aim to increase the number of rated properties beyond the current target of 250,000.
- **Enhanced Customer Sensitization:** Conduct more frequent and targeted customer sensitization campaigns to educate property owners on the benefits and processes of the Nairobi Pay system.
- **Government Debt Recovery:** Strengthen lobbying and negotiation efforts to recover debts from government entities.

Parking Fees

The parking fees 2025/26 projections are Kshs. 3.3B compared to Kshs. 2.03B in FY 2024/2025, against the actual collection of Kshs. 1.97B achieved in FY 2023/2024. The increase in projection will be achieved by:

- **Optimization of Parking Slot Utilization:** Implement dynamic pricing strategies to maximize the utilization of parking slots.
- **Enhanced Enforcement:** Increase the frequency of compliance checks and enforcement actions, such as clamping and towing.
- **Automate Collection:** Expand the automation of parking fee collection to more areas, including off-street and country bus stations.
- **Private Seasonal Tickets:** Introduce incentives for private motorists to purchase seasonal tickets.

Unified Business Permits

The 2025/26 projections on unified business are Kshs. 3.68B compared to Kshs. 3B in FY 2024/2025, against the actual collection of Kshs. 2.39B achieved in FY 2023/2024. The increase in projection will be achieved through:

- **Increase Business Registration:** Enhance efforts to register more businesses, aiming to exceed the target of 300,000 businesses.
- **Customer Segmentation:** Implement more detailed customer segmentation to tailor compliance and enforcement strategies.
- **Collaboration with Trade Associations:** Strengthen collaboration with trade associations to improve compliance and registration rates.

Outdoor Advertising and Billboards

In FY2025/26, it is projected that ksh.1.21B will be collected from outdoor advertisement compared to a projection of Kshs. 1.25B in 2024/25. This is against actual collections of Kshs. 661M in 2023/24. To achieve the target, the following measures will be put in place;

- **Enhanced Surveillance:** Increase surveillance and monitoring of billboard sites and sky signs to ensure accurate billing and invoicing.
- **Census of Small Format Adverts:** Conduct regular censuses of small format adverts to keep the database up-to-date.
- **Customer Segmentation:** Segment customers by industry and scale of operation to tailor enforcement and billing strategies.

Building Permits and Approvals

The collection from building permits and approvals in 2025/26 are projected to be Kshs. 3.0B compared to Kshs. 1.6B in FY 2024/2025, against the actual collection of Kshs. 1.23B achieved in FY 2023/2024. The increase in projection will be achieved by:

- **Streamlining Approval Processes:** Further streamline the approval processes to reduce delays and improve efficiency.
- **Regularization of Buildings:** Continue efforts to regularize buildings without approvals, focusing on high-density areas.
- **Technical Capacity Building:** Invest in capacity building for technical staff to improve service delivery.

4.6: BUDGET PERFORMANCE 2023-2024

4.6.1. Expenditure performance Review FY 2023/24.

The combined recurrent and development expenditures were revised to Kshs. **42.28 B** with actual spending at Kshs. **31.78B**. This resulted in a deviation of Kshs. 10.49B, reflecting an overall absorption rate of **75%**. Development expenditure constituted only **10%** of total expenditure, far below the approved share of **33%** and revised target of **20%**. This indicates that recurrent expenditures dominate the budget, leaving limited resources for long-term growth and infrastructure investments.

Table 4.5: Total Expenditure for FY 2023/2024

Description	Approved	Revised	Actual	Deviation from target	% Absorption
RECURRENT					
Transfer to County Assembly	2,024,000,000	2,380,000,000	1,858,844,743	-521,155,257	78
County Executive	26,071,027,352	31,222,049,342	26,432,492,577	-4,789,556,765	85
Liquor Board	220,571,299	230,000,000	229,264,298	-735,702	100
Total Recurrent	28,315,598,651	33,832,049,342	28,520,601,618	-5,311,447,724	84
DEVELOPMENT					
Transfer to County Assembly	1,215,000,000	300,000,000	86,171,005	-213,828,995	29
County Executive	12,729,652,484	8,084,887,491	3,142,147,792	-4,942,739,699	39
Liquor Board	70,000,000	70,000,000	40,213,048	-29,786,952	57
Total Development	14,014,652,484	8,454,887,491	3,268,531,845	-5,186,355,646	39
Total Expenditure	42,330,251,135	42,286,936,833	31,789,133,463	-10,497,803,370	75
% Devt Expenditure	33	20	10		51

Source: County treasury

Table 4.6: Expenditure by Sectors FY 2023/2024 (Kshs. M')

VOTE	Recurrent			Development			Total		
	Actual	Target	% Absorp tion	Actual	Target	% Absorp tion	Actual	Target	% Absorpt ion
5311000000 COUNTY PUBLIC SERVICE BOARD	100,012,705	130,882,659	76	-	-	#DIV/0!	100,012,705	130,882,659	76
5314000000 FINANCE & ECONOMIC PLANNING	3,673,524,787	4,147,136,446	89	487,640,449	850,997,846	57	4,161,165,235	4,998,134,292	83

VOTE	Recurrent			Development			Total		
	Actual	Target	% Absorption	Actual	Target	% Absorption	Actual	Target	% Absorption
532000000 PUBLIC SERVICE MANAGEMENT	1,888,609,506	2,071,508,897	91	-	10,000,000	-	1,888,609,506	2,081,508,897	91
532100000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	166,038,941	275,479,579	60	-	27,709,966	-	166,038,941	303,189,545	55
532200000 COUNTY ASSEMBLY	1,859,024,843	2,380,000,000	78	86,171,005	300,000,000	29	1,945,195,847	2,680,000,000	73
532300000 ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	2,664,755,631	3,572,696,840	75	36,294,387	732,460,000	5	2,701,050,018	4,305,156,840	63
532500000 WARD DEVELOPMENT PROGRAMMES	20,595,706	74,134,616	28	805,347,004	1,300,000,000	62	825,942,710	1,374,134,616	60

VOTE	Recurrent			Development			Total		
	Actual	Target	% Absorption	Actual	Target	% Absorption	Actual	Target	% Absorption
5326000000 EMERGENCY FUND	320,199,588	440,000,000	73			#DIV/0!	320,199,588	440,000,000	73
5327000000 LIQUOR LICENSING BOARD	229,264,298	230,000,000	100	40,213,048	70,000,000	57	269,477,346	300,000,000	90
5329000000 BOROUGH S AND PUBLIC ADMINISTRATION	4,622,161,953	5,090,528,905	91	80,197,889	748,000,000	11	4,702,359,841	5,838,528,905	81
5330000000 COUNTY ATTORNEYS	296,890,677	308,808,389	96	2,613,216	2,800,000	93	299,503,893	311,608,389	96
5331000000 INNOVATION AND DIGITAL ECONOMY	123,606,109	219,030,399	56	34,365,896	240,000,000	14	157,972,005	459,030,399	34
5332000000 HEALTH WELLNESS & NUTRITION	7,808,415,690	8,423,134,191	93	157,302,628	519,807,357	30	7,965,718,318	8,942,941,548	89
5333000000 BUILT ENVIRONMENT & URBAN PLANNING	423,212,188	502,846,371	84	218,134,517	665,000,000	33	641,346,705	1,167,846,371	55

VOTE	Recurrent			Development			Total		
	Actual	Target	% Absorption	Actual	Target	% Absorption	Actual	Target	% Absorption
5334000000 MOBILITY AND WORKS	996,273 ,532	1,484,1 61,082	67	828,51 3,890	1,730,1 32,817	48	1,824,7 87,422	3,214,2 93,899	57
5335000000 TALENT SKILLS DEVT & CARE	1,858,1 62,830	2,194,8 21,186	85	134,92 1,036	402,26 1,822	34	1,993,0 83,866	2,597,0 83,008	77
5336000000 BUSINESS & HUSTLER OPPORTUN ITIES	606,277 ,237	727,303 ,425	83	64,707, 964	470,76 3,447	14	670,985 ,202	1,198,0 66,872	56
5337000000 INCLUSIVI TY PUBLIC PARTICIPA TION, & CITIZEN ENGAGEM ENT	690,635 ,357	1,177,5 68,159	59	291,95 5,657	384,95 4,236	76	982,591 ,014	1,562,5 22,395	63
5338000000 NAIROBI REVENUE AUTHORIT Y	174,493 ,136	382,008 ,198	46			#DIV/0!	174,493 ,136	382,008 ,198	46
TOTAL EXPENDIT URE	28,522, 154,715	33,832, 049,342	84	3,268,3 78,584	8,454,8 87,491	39	31,790, 533,298	42,286, 936,833	75

Source: County Treasury

4.6.2 Budget absorption

The expenditure analysis for FY 2023/2024 shows an overall absorption rate of 75%, with total actual expenditure standing at 31.79 billion against a target of 42.29 billion. Recurrent expenditure achieved 84% absorption, with sectors like Public Service Management (91%) and Health, Wellness & Nutrition (93%) leading in utilization. However, development expenditure recorded a low absorption rate of 39%, with most sectors struggling to meet targets. Notable underperformers include Innovation and Digital Economy (14%), Mobility and Works (48%), and Built Environment & Urban Planning (33%). This indicates challenges in implementing development projects despite achieving relatively high recurrent budget utilization

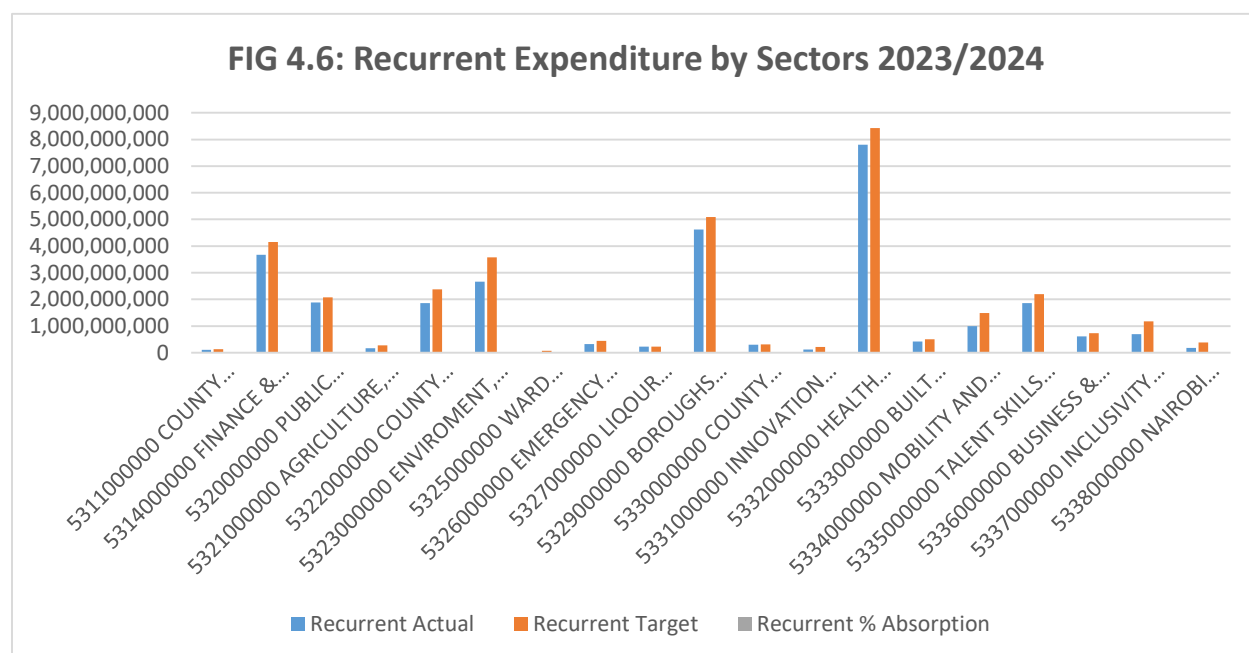


FIG 4.7: Development Expenditure By Sectors 2023/2024

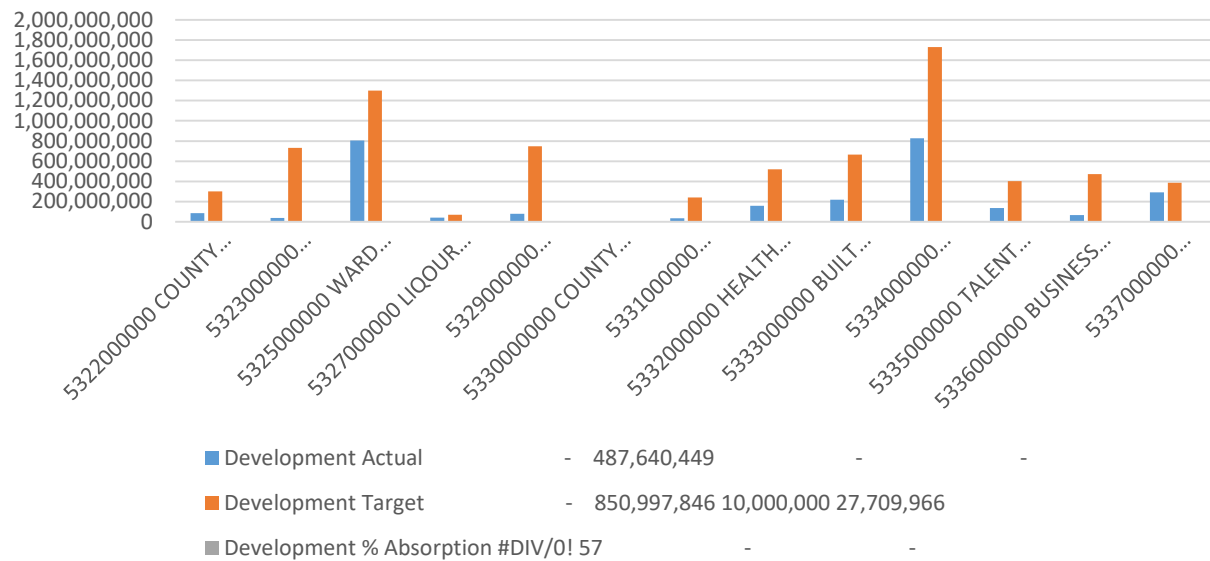


FIG 4.8: Total Actual Expenditure By Sectors



Table 4.7: Expenditure by economic classification 2023-2024

	FY 2022/2023 Actual	FY 2023/2024		Deviation	% Absorption
		Actuals	Target		
Total Expenditure	29,469,372,052	31,790,533,298	42,286,936,833	- 9,958,961,962	75
1.RECURRENT	25,597,510,794	28,522,154,715	33,832,049,342	- 4,772,453,055	84
Transfers to County Assembly	1,728,651,942	1,859,024,843	2,380,000,000	- 520,975,157	78
Transfers to Nairobi Metropolitan Services	3,726,066,440			0	
Wages and Salaries	11,185,554,751	17,319,812,635	18,340,227,951	- 1,020,415,316	94
Operations and Maintenance	8,758,557,669	9,114,052,939	12,881,821,391	- 3,767,768,452	71
Liquor Board Expenses	198,679,992	229,264,298	230,000,000	-735,702	100
2.DEVELOPMENT	3,871,861,258	3,268,378,584	8,454,887,491	- 5,186,508,907	39
Transfers to County Assembly	20,158,456	86,171,005	300,000,000	- 213,828,995	29
Other Development Expenditures	3,826,349,839	3,141,994,531	8,084,887,491	- 4,942,892,960	39
Liquor Board Expenses	25,352,963	40,213,048	70,000,000	-29,786,952	57

The expenditure summary for FY 2023/2024 reveals a total expenditure target of 42.29 billion against actuals of 31.79 billion, reflecting a deviation of 9.96 billion and an absorption rate of 75%. Recurrent expenditure, comprising wages, operations, and transfers, accounted for 33.83 billion, with an absorption rate of 84% and notable deviations in operations and maintenance (-3.77 billion) and transfers to the County Assembly (-0.52 billion). Development expenditure faced significant underperformance, with actuals of 3.27 billion against a target of 8.45 billion, resulting in a 5.19 billion shortfalls and an absorption rate of only 39%. Key challenges were seen in development transfers and other expenditures, emphasizing a gap in resource utilization efficiency

4.6.3 EXPENDITURE PERFORMANCE MID 2024/25

The sectoral expenditure summary for FY 2024/2025, as of December 2024, highlights varying absorption rates across recurrent and development budgets. Overall, sectors such as the County Attorney (84.5%), Health, Wellness & Nutrition (47.1%), and Environment, Water, Energy & Natural Resources (45.5%) showed relatively higher utilization of allocated funds in recurrent spending. However, development expenditures remained underutilized, with sectors like Mobility and Works (9.5%), Talent Skills Development & Care (7.8%), and Business & Hustler Opportunities (5.1%) recording minimal absorption rates. This trend reflects disparities in resource utilization, with some sectors struggling to meet their annual targets, particularly in development programs, despite substantial allocations.

Table 4.8 Expenditure summary by sectors FY 2024/25 as at December 2024.

	Recurrent			Development			Total		
	Actual	Annual Target	% Absorption	Actual	Annual Target	% Absorption	Actual	Annual Target	% Absorption
53110000 00 COUNTY PUBLIC SERVICE BOARD	30,817,638	76,403,886	40		-		30,817,638	76,403,886	40
53140000 00 FINANCE & ECONOMIC PLANNING	2,155,832,813	3,293,417,177	66		120,000,000		2,155,832,813	3,413,417,177	63
53200000 00 PUBLIC SERVICE MANAGEMENT	654,351,296	2,065,855,080	32		-		654,351,296	2,065,855,080	32
53210000 00 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	74,246,424	188,818,494	39		70,754,496		74,246,424	259,572,990	29
53220000 00 COUNTY	568,333,836	1,925,111,836	30	17,381,566	1,635,000,000	1	585,715,402	3,560,111,836	17

	Recurrent			Development			Total		
	Actual	Annual Target	% Absorption	Actual	Annual Target	% Absorption	Actual	Annual Target	% Absorption
ASSEMBLY									
5323000000 ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	1,583,915,299	3,411,987,195	46	216,600,000	541,460,000	40	1,800,515,299	3,953,447,195	46
5325000000 WARD DEVELOPMENT PROGRAMMES	-	80,000,000			2,155,000,000		-	2,235,000,000	-
5326000000 EMERGENCY FUND		100,000,000			-		-	100,000,000	-
5327000000 LIQUOR LICENSING BOARD	161,099,321	294,000,000	55	2,900,000	57,000,000	5	163,999,321	351,000,000	47
5329000000 BOROUGHS AND PUBLIC ADMINISTRATION	1,827,906,377	3,974,256,900	46	77,254,453	772,000,000	10	1,905,160,830	4,746,256,900	40
5330000000 COUNTY ATTORNEYS	214,464,451	253,746,650	85	-	15,000,000	-	214,464,451	268,746,650	80
5331000000 INNOVATION AND DIGITAL ECONOMY	58,613,428	191,372,049	31	-	263,974,624	-	58,613,428	455,346,673	13
5332000000 HEALTH WELLNESS & NUTRITION	3,847,411,121	8,175,644,884	47	-	2,037,887,337	-	3,847,411,121	10,213,532,221	38

	Recurrent			Development			Total		
	Actual	Annual Target	% Absorption	Actual	Annual Target	% Absorption	Actual	Annual Target	% Absorption
53330000 00 BUILT ENVIRONMENT & URBAN PLANNING	200,195,972	512,081,397	39	-	1,082,000,000	-	200,195,972	1,594,081,397	13
53340000 00 MOBILITY AND WORKS	495,686,782	1,577,166,484	31	207,496,729	2,181,031,768	10	703,183,511	3,758,198,252	19
53350000 00 TALENT SKILLS DEVT & CARE	559,502,527	2,111,365,873	27	122,670,500	1,574,433,024	8	682,173,027	3,685,798,897	19
53360000 00 BUSINESS & HUSTLER OPPORTUNITIES	292,105,682	614,120,582	48	83,805,606	1,634,000,000	5	375,911,288	2,248,120,582	17
53370000 00 INCLUSIVITY PUBLIC PARTICIPATION, & CITIZEN ENGAGEMENT	79,419,467	232,391,899	34	11,504,758	120,000,000	10	90,924,225	352,391,899	26
53380000 00 NAIROBI REVENUE AUTHORITY	12,343,601	226,985,199	5	-	-		12,343,601	226,985,199	5

The financial comparison between the approved estimates and actual expenditures for 2024/2025 as at December reveals significant underspending across multiple categories. The total approved budget for the County Executive, Assembly, and Liquor combined amounted to approximately 43.56 billion, but actual spending was just 13.56 billion, creating a variance of -29.30 billion. Key areas of underspending include compensation to employees, where the actual expenditure of 9.03

billion was far below the approved estimate of 18.16 billion, and various operating costs such as utilities, travel, and printing, which also saw large reductions. For example, the budget for domestic travel and subsistence was 1.10 billion, but actual spending was only 260.14 million, and foreign travel costs were similarly under budget. Other areas such as insurance, specialized materials, and development also experienced considerable savings. Additionally, liabilities like other creditors showed an unexpected variance, with actuals for current creditors exceeding the budgeted amount. Overall, the variance suggests that a significant portion of the budget was either unspent or underspent in the year, indicating a potential focus on cost control or delays in planned activities.

4.6.4: CHALLENGES FOR BUDGET ABSORPTION

Budget absorption refers to the ability of a government or organization to effectively utilize allocated funds within a specified period. For Nairobi County, challenges in budget absorption often stem from systemic, administrative, and contextual factors. Below are some key challenges:

Bureaucratic Delays: Lengthy and rigid procurement processes often delay project implementation. Additionally, multiple layers of approvals for budget expenditure lead to delays in fund disbursement.

Weak Financial Planning

Overambitious Budgets: Unrealistic revenue projections result in funding gaps, leaving some budgeted activities underfunded.

Poor Prioritization: Misalignment of budget priorities with urgent developmental needs reduces the efficacy of fund utilization.

Delayed Fund Disbursement: Delays in receiving funds from the national government affect the county's ability to implement planned activities. Also inefficiencies in collecting local taxes and levies exacerbate funding delays.

Monitoring and Evaluation Gaps

Lack of Oversight: Weak monitoring systems fail to ensure timely implementation of projects.

Data Deficiency: Inadequate data for assessing progress results in poorly informed decision-making.

Legal and regulatory challenges: contractual disputes related to contracts and land acquisition will always stall projects. Also failure to comply with legal and regulatory requirements has been a cause to delay in projects approvals.

4.6.5: MEASURES TO ENHANCE BUDGET ABSORPTION

In the FY 2025/26 and over the medium term, the following measures will be put in place in order to boost budget absorption by various sectors.

Strengthen planning and budgetary processes

- Align budgets with realistic forecasts: Ensure that budgets are based on accurate revenue and expenditure forecasts.
- Involve stakeholders: Engage relevant stakeholders early in the budgeting process to ensure alignment with needs and priorities.
- Develop detailed work plans: Link budgets to specific activities and timelines to ensure clarity on implementation.
- Streamline procurement and approval processes to enhance efficiency.
- Improve revenue collection mechanisms to ensure timely fund availability.
- Strengthen monitoring and evaluation systems for better accountability

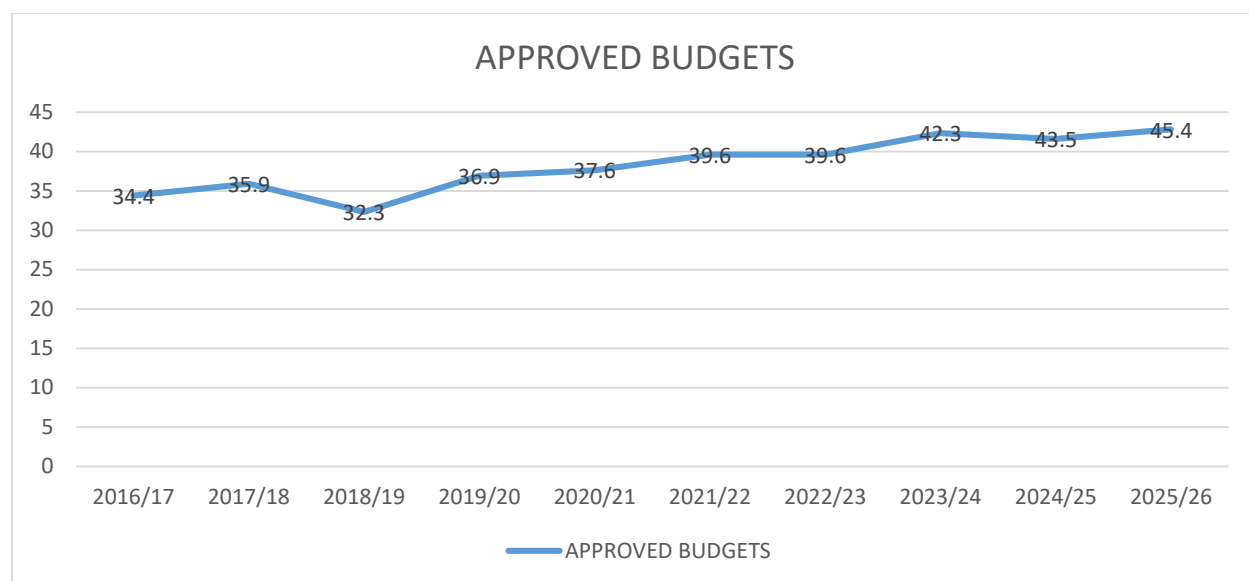
Enhance capacity and systems

- Capacity building: Train personnel in financial management, procurement, and project implementation to improve efficiency.
- Modernize financial systems: Use technology for better tracking, reporting, and managing funds.
- Simplify procedures: Streamline complex financial and procurement processes

4.7 RESOURCE ENVELOPE

The approved budget for 2024/2025 is Kshs. 43.5 B which is slightly higher than the previous approved budget. The projected budget for the FY 2025/26 will be Ksh.45.4B a slight increase of 1.9B from the current year's approved budget (2024/25). Development expenditure will constitute of Kshs. 13.6 B of the total budget while recurrent expenditure will be Kshs. 31.8B.

Figure 4.10: Previous approved budgets Vs 2025/26 projection



4.8: RESOURCE ALLOCATION CRITERIA 2025-2026

Resource allocation is a complex affair, given the resource insufficiency compared to the competing demands. The proposed resource requirement for all sectors to fully discharge their mandate for the FY 2025-2026 amount to Kshs. 88.4 B. The projected revenue stands at Kshs. 45.4 B. In an effort to strike a balance between the resource basket and the sector demands, some sector priorities will remain unfunded and will be prioritized for financing in the succeeding years. The following factors will inform resource allocation between sectors;

Non-discretionary expenditure

Some expenditure cannot be avoided and will hence be given priority before allocation to all other needs. In this regard, salaries and wages, utilities, insurance, waste management and commission for revenue mobilization will be allocated sufficient resources before consideration of other expenditure areas. Personnel emoluments remain the highest consumer of the budget. The projected proposal for personnel emolument stands at Kshs. 19.4 B.

Allocation towards development and Counter-part funding

Fiscal responsibility principles require an allocation of not less than 30% towards development expenditure. Development expenditure will constitute of Kshs. 12.84 B of the total budget.

Allocating resources for counterpart funding is a necessity for unlocking investment opportunities. In this regard, the government will allocate sufficient resources to all projects with this conditionality.

Ongoing projects

The county has a huge stock of ongoing projects, some that have been in the same state for a long time. Incomplete projects are a major impediment to realization of development objectives, and also deny the public the value expected from investment of public resources. In this regard, and to ensure that all projects commenced are fully completed and commissioned for use, allocation of resources to the ongoing projects will be prioritized.

Governors Manifesto

Towards making Nairobi a city of order, dignity and opportunities, H.E. the governor pin-pointed clear strategies that must be pursued by all sectors. The sectors therefore will Significant resources for implementation of the governor manifesto programs.

CIDP priorities and public participation

The priorities identified in the CIDP 2023- 2027, which were largely informed through the public participation process will guide on resource allocation to sectors. This is towards making the budget be responsive to the actual felt needs of Nairobians. Public participation on the draft CFSP 2025 will be conducted county wide and it will largely inform the resource allocation to priorities in the final strategy paper.

4.9: SECTOR PRIORITIES, STRATEGIES AND CEILINGS

SECTOR PRIORITIES FOR 2025/2026

4.9.1: MOBILITY AND WORKS

The mobility and works sub-programs for FY 2025/2026 aim to enhance road infrastructure, safety, and accessibility. Key initiatives include constructing 120 km of storm water drainage, 4 km of common service ducts, 50 km of paved roads, and graveling 40 km of roads.

In structural engineering, 20 footbridges, 15 motorable bridges, and 5 box culverts will be built, alongside inspections and maintenance of existing bridges and drainage systems Building works focus on maintaining 100% of facilities, fabricating 200 structures, and procuring essential equipment. Additionally, the

Electrical engineering services target the installation of 13,600 lighting fixtures, maintaining 100% system functionality, and attending to all faulty cases.

Public transport priorities include constructing 40 km of walkways, 6 public transport facilities, and installing 1,500 meters of guardrails. To enhance traffic management, the sector will prioritize signalizing 30No. junctions, developing 600 parking slots, and reorganizing 3 streets to reduce congestion.

Mechanical and fleet management will see improvements in automotive and plant maintenance, procurement of 5 vehicles, installation of fuel management systems, and setting up new asphalt plants at Nanyuki and Kangundo road depots. Moreover, specialized construction machinery will be procured. These initiatives collectively aim to modernize infrastructure, enhance mobility, and ensure the efficient management of resources.

4.9.2 HEALTH WELLNESS & NUTRITION

The overarching goal is to mitigate the burden of both communicable and non-communicable diseases. Efforts to reduce HIV/AIDS prevalence below 5% are complemented by scaled-up testing and interventions. Tuberculosis cure rates are being incrementally improved, reflecting a commitment to reducing transmission. Similarly, malaria control efforts aim to lower incidence rates. The focus on non-communicable diseases emphasizes screening and management of conditions like hypertension and diabetes, while mental health services aim to promote wellness and prevent disorders.

Strengthening community health is a cornerstone of the plan, with a clear push to establish functional health units and improve referral systems. Environmental health initiatives are targeting compliance with hygiene and sanitation standards, including inspections, water sampling, and waste management. Infection prevention and control remain critical, with emphasis on ensuring facilities adhere to guidelines and standards for managing medical waste and controlling outbreaks.

Maternal and child health services are being expanded, ensuring more deliveries are conducted by skilled attendants and enhancing access to family planning services. The school feeding program addresses nutrition among children, while health and nutrition assessments are conducted biannually. Programs also aim to increase access to adolescent and youth-friendly health services, addressing a critical demographic.

Infrastructure development is a key priority, with upgrades and expansions at key hospitals including Pumwani Maternity and Mama Lucy Kibaki Hospital. Efforts to equip hospitals with advanced diagnostic and treatment tools are being prioritized, along with the modernization of health data systems for better decision-making. Investment in capital projects and medical engineering ensures that facilities are equipped to meet growing demands.

The plan emphasizes strengthening healthcare financing by improving revenue collection and leveraging partnerships. Governance is bolstered through the development of health policies and regulations, ensuring systems are functional and transparent. Planning and budgeting processes are streamlined, with a focus on producing actionable reports and fostering collaboration among stakeholders.

The Sector is planning to further strengthen its governance and leadership by reviewing the Nairobi Health Policy 2015-2030 to further realign the County Health System with the National Health Policy, Universal Health Legislations of 2023. The new health policy will also realign its key performance indicators with the BETA policy, UHC 2030 targets and Nairobi CIDP 2023-2027.

The Sector also prioritizes a journey towards self-reliance and address sustainability issues by implementing strategies that will enhance and increase own-source revenue, expand domestic funding towards health in Nairobi, and leveraging on the private sector involvement in provision of quality healthcare services in the City.

4.9.3 TALENT, SKILLS DEVELOPMENT AND CARE

In the coming year FY 2025/26, the Talent Skills Development and Care Sector has established a comprehensive framework aimed at enhancing the welfare of various community groups, particularly focusing on education, vocational training, child and family welfare, drug control, community development, youth engagement, sports, library services, and recreational opportunities.

The sector aims to increase access and retention in Early Childhood Development and Education (ECDE) by constructing additional schools in informal settlements, expanding existing facilities and improving health and nutrition standards. Continuous teacher recruitment and capacity building are also essential to maintaining high teaching standards, alongside the implementation of inclusive education practices to accommodate all learners.

In Vocational Education & Training, the sub sector is dedicated to enhancing access to quality training through the rehabilitation of Vocational Training Centers (VTCs), ensuring they are staffed with qualified personnel, and equipping them with modern tools and materials. This initiative is complemented by efforts to diversify training programs to meet market demands and establish linkages with industry partners.

The sector also addresses the critical issue of violent extremism by developing regulations to operationalize the NCC Prevention of Violent Extremism Act 2022. Mapping areas of radicalization and creating awareness are vital steps in reducing the threat of extremism in the community.

Furthermore, the welfare of children is a top priority, with initiatives aimed at establishing welfare schemes, increasing access to rehabilitation services, and providing psycho-social support. The development of a comprehensive child protection policy and the recruitment of caregivers are essential to ensure the safety and well-being of vulnerable children.

For families, especially the aged and disadvantaged, the sector seeks to improve social welfare by renovating existing infrastructure, providing care and psycho-social support, and establishing a social welfare fund. These measures aim to strengthen family support structures and promote socio-economic empowerment.

In combating substance abuse and pornography, the sector emphasizes the enforcement of relevant regulatory frameworks and public awareness campaigns to educate the community about the associated health risks.

Community development initiatives focus on socio-economic empowerment through grants for community groups and the renovation of development offices. Programs promoting community engagement and awareness of socio-economic welfare are also essential components to this strategy.

The Youth Affairs Program is designed to empower young people by imparting relevant skills, establishing Youth Resource Centres, and fostering partnerships to enhance youth participation in governance and decision-making processes.

Sports development is another critical area, with efforts aimed at enhancing sports infrastructure, nurturing local talents, and creating collaborative networks between state and non-state actors to promote sports activities.

Finally, the sector is committed to improving access to library services by establishing disability-friendly infrastructure, automating library operations, and conducting outreach programs to engage the community. Recreational services are also prioritized, with plans for constructing new facilities, rehabilitating existing ones, and organizing community events to promote social cohesion.

4.9.4: BUSINESS HUSTLER AND OPPORTUNITIES

The sector priorities focus on several key areas for development and regulation. Cooperative Development includes the registration, inspection, education, and revitalization of co-operatives, along with support for meetings, forums, and celebrations. The Cooperative Audit aims to enhance auditing, risk assessments, staff capacity building, office renovations, and procurement processes.

In Markets & Trading Services, priorities are centered on the construction, rehabilitation, maintenance, and operationalization of markets, along with the provision of safety measures and facilities. Trade & Industry focuses on the development of trade and industrial policies, the establishment of common-user facilities and incubation centers, and the promotion of local products.

Weights & Measures involves equipment verification, inspections, compliance assessments, and public awareness initiatives. Trade Licensing covers business registration, compliance inspections, revenue collection, and public awareness campaigns.

For Micro, Small & Medium Enterprises (MSMEs), the focus is on providing support for access to capital, market expansion, and skills training. The Gaming & Betting sector emphasizes licensing and supervision of gaming activities, staff training, and the development of regulations.

Liquor Licensing addresses the control of the liquor industry, public awareness on alcoholism, and the improvement of compliance with liquor laws.

4.9.5: GREEN NAIROBI

4.9.6: AGRICULTURE, FISHERIES AND NATURAL RESOURCES

The sub-sector's key mandate is to ensure a food secure county through promotion and regulation of sustainable urban agriculture for food and nutrition security. Under crop development, the county government main target will be to reach 4,000 farmers across 17 sub-counties with extension messages. Also in the plan is to carry out 8 No. aflatoxin surveillance visits in cereal

stores and sensitization of 600 stakeholders on food safety. The sub-sector will also prioritize installation of 2No. armyworm traps in effort to monitor and combat migratory pests. To promote livestock development, the sub sector aims to reach 4,500 farmers with extension messages, achieving 100% NITF participation, and sensitizing 300 stakeholders on food safety.

Further the sub sector will embark on promoting fisheries development by reaching 850 fish farmers, licensing 100% of fish dealers, and sensitizing 1,100 stakeholders on food safety.

Priority will also be given on promoting Veterinary Services. In regard to this, animal health surveillance is set for 100% implementation using the Kenya Animal Bio Surveillance System (KABS). Goals include vaccinating 1,800 animals, licensing 40% of dogs, and regulating 60% of animal movements. Inspection standards for meat carriers, abattoirs, and animal products at City and Burma markets will also be prioritized.

4.9.7 ENVIRONMENT, WATER AND SEWERAGE, FORESTRY AND NATURAL RESOURCES

The Green Nairobi Environment strategy for FY 2025/26 focuses on enhancing environmental conservation, improving sanitation, and promoting sustainable resource management. The plan includes several targeted programs to achieve these priorities namely;

Solid Waste Management: The target is to achieve 80% cleanliness in the city through improved waste collection and management. To enhance this the sector will prioritize the establishment and operationalization of Green Army Company Ltd.

Beautification, Recreation, and Greening: Maintenance of five parks and recreation grounds is planned, along with increasing the city's tree cover by planting 500,000 trees. Beautification efforts aim to achieve a 50% aesthetic improvement in the city.

Environmental Monitoring and Compliance: A 60% compliance level with environmental laws and regulations is targeted. Climate change resilience efforts aim for a 50% improvement in air quality monitoring and renewable energy uptake.

Accessibility to safe water: The target is to generate 614,933.3 m³ of water per day and connect 84% of households to clean water.

Drought Mitigation: Ten boreholes will be drilled, tested, and equipped, with additional efforts to solarize boreholes for energy efficiency.

Sanitation Services: The city plans to recycle 60 m³/day of wastewater for irrigation at Uhuru Park and construct four new ablution blocks. Sewer coverage is set to increase to 46%.

4.9.8: INCLUSIVITY, PUBLIC PARTICIPATION & CITIZEN ENGAGEMENT

Over the medium term, will prioritize institutionalization of public participation and increase awareness, engagement and participation of the residents of Nairobi in formulation of policies and programmes. In order to achieve this, the sector will develop public participation and civic engagement regulations and guidelines. It also intends to step up on civic education by holding 5No. civic education forums and carry 1No. social audit on county performance. Additionally, it plans to develop digital engagement platforms for public participation.

The Public Communication directorate plans to enhance public awareness, strengthen media relations, and expand digital engagement to boost transparency and citizen participation. Key initiatives will include establishing a media editing suite to produce high-quality content and create media repositories for efficient information storage. It further seeks to install digital notice boards across the city in order to improve information dissemination and reduce advertising costs.

More so, Customer Service aim to devolve services to grassroots, which include having stands at health facilities like Mama Lucy and Mbagathi, and at Nairobi Funeral Home. It will also prioritize intensive training with practical simulations and assessments of all county staff, with a priority on those manning service points. It also intends to install customer complaint software that reroute calls as well as create executive feedback forums.

The City Culture & Arts sub-sector aims to safeguard Nairobi's cultural heritage through priority projects such as establishing a Culture Village and revising the NCCG Cultural Policy. To support creativity, five new recording studios will be developed across the city, replacing the previous mobile studio programme. Additionally, the sector plans to purchase stage equipment to reduce hiring costs during events and promote cost efficiency. The vibrant *Vibes of the City* cultural events will continue, complemented by a Twin City Programme to foster cultural exchanges. These initiatives aim to strengthen Nairobi's position as a hub for arts and cultural development.

To enhance tourism development, the sector plans to actively promote local tourism and position it as a significant revenue source for the county. Key initiatives include establishing a one-stop tourism information Centre, developing a mobile application for tourist engagement, and installing tourist signage across the city to improve visitor experiences. The directorate also seeks to buy a tourism bus that will be taking tourists for city tours.

The Gender and Disability Mainstreaming subsector, intends to operationalize its two new yet-to-be launched facilities. Additionally, the sub-sector plans to expand its impact by constructing two more new safe houses to provide secure spaces for GBV survivors. It also intends to publish and implement the Gender Policy to institutionalize its gender mainstreaming efforts. On PLWD mainstreaming, the priority will be revising the NCCG PLWD Act of 2015 and developing accompanying regulations. The sub-sector also aims to construct two units for children with disabilities and implement its 2024/25 PLWD audit report to improve accessibility across the county.

4.9.9: BUILT ENVIRONMENT AND URBAN PLANNING

The sector is responsible for county land and infrastructure surveying, GIS and mapping, county valuation services, land administration and property management and land registration.

For the FY 2025/26, the county envisions enhancing staff skillsets and improving work performance and service delivery, the sector plans to train 460 staff members, procure 25 ICT equipment units, and purchase one vehicle.

To streamline the development application process and improve customer satisfaction, the sector aims to establish a fully optimized and maintained Online Development Applications Approval System (NPDMS/Nairobi Plan).

Additionally, the sector plans to complete the Urban Planning Resource Center, which is currently 50% complete. This center will consolidate all policies and provide a central reference point, making information more accessible to both internal and external customers, thereby facilitating faster decision-making.

To ensure greater compliance with building regulations, the sector intends to conduct 100% surveillance and statutory inspections to monitor development projects in the city, as well as hold 17 planning awareness clinics.

To enhance land tenure security, the sector plans to survey 1,500 parcels of land in Nairobi West, Block Y, and Umoja. Additionally, the sector intends to increase the number of land registration documents compiled and forwarded to the relevant authorities for lease preparation in these different estates across Nairobi.

To improve access to quality and affordable housing for Nairobi residents, the sector aims to develop 10,000 housing units and renovate existing county estates. Through slum upgrading initiatives, the sector also intends to improve conditions in 9 informal settlements across Nairobi.

4.9.10: INNOVATION AND DIGITAL ECONOMY

The Innovation and Digital Economy Sector remains dedicated to embracing innovation and digitization, playing a vital role in the transformation of Nairobi County. The 2025/26 priorities in achieving the sector mandate will be;

- Promoting efficiency and effectiveness in service delivery
- Coordinating Nairobi, startup eco-system exposure to global innovation.
- Providing county offices and sub counties with internet and modern ICT infrastructure.
- Advancing Tech integration through capacity building for county staff.
- Enhancing startup finance support.
- Providing county automation process
- Effective management of county resources and ICT resources.

4.9.11: FINANCE AND ECONOMIC PLANNING

The Sector aims to implement various initiatives, these includes; dissemination of the county asset management policy, procurement and operationalization of a county asset management system, and the tagging of all county assets. Over the medium term, the sector will embark on a robust resource mobilization strategy, Operationalization of the county asset management policy and guidelines as well as ensuring value for money.

The sector will further work towards achieving unqualified audit report by implementing strong internal control systems. Additionally, the Sector places emphasis on addressing pending bills and preparation of the necessary plans and reports as mandated by the Public Finance Management (PFM) Act.

4.9.12 BOROUGHES AND PERSONNEL ADMINISTRATION

4.9.12.1 Office of The County Secretary

The office of the County Secretary is responsible for the County Public Service Delivery and there are six (6no.) Directorate in the office namely; County Administration, Record & Archival management, Performance Management, County Executive Committee Secretariat, Research & Policy and Monitoring & Evaluation. Over the medium-term, the office of county secretary, through its various directorates will prioritize coordination of administrative operations to ensure smooth workflow through the following strategies;

- Ensuring maintenance of borehole in order to provide clean water 24/7 to the county.
- Carrying out maintenance services e.g. repair of county offices reroofing of City Hall, rehabilitation of offices
- Providing staffs with uniforms and protective gears in order to minimize the exposure to health hazard.
- Establishing an E-Cabinet data maintenance
- Coordinating the CEC and county Executive meetings
- Production of minute books
- Capacity building
- Administration and support services to all county sectors
- Ensuring effective county records and management practices
- Developing county policy formulation structure
- Disseminating findings after research for implementation.
- Conducting performance and evaluation to county staffs through performance contracts.
- Carrying out Monitoring & Evaluation of projects and basic service delivery.

4.9.12.2 Office of The Governor

The Sub-sector is responsible for leadership and governance services towards delivery of the County mandate in a transparent and accountable manner. In order to enhance the capacity for implementation of sectoral plans over the medium term, the sub-sector will commit to expand resource outlay through;

Focus on results through collective responsibility, mutuality and inter-dependence among implementing sectors by:

- Fast tracking conceptualization, design, technical specification, procurement and implementation of flagship projects

- Real time Monitoring system, Balanced Score Card, performance Management System
- Implement Governor's technology interface with all County systems

Improve coordination for sourcing and investment of external resources through:

- Development of Nairobi County Policy on External Resource Mobilization and Implementation.
- Enact legislation to regulate coordination, identification, appraisal and management of economic partnerships for connected purposes

Establish a strong communication identity through:

- Capacity enhancement, development and implementation of communication policy and protocol guideline
- Enhance accountability for external resources through: Identifying and establishing a single gateway approach to external resources including grants, donations, technical assistance support from development partners.
- Adopt a framework and system for measurement and reporting of results.

Develop a Clear Intergovernmental Linkages Policies by:

- Operationalization of existing provisions for IGR in the IGRA, 2012 and the CGA, 2012.
- Strengthening of IGR linkages from the top 3.
- Development IGR policy framework.
- Customizing the existing IGR guidelines
- Putting in place an implementation framework for the developed guidelines.
- Putting in place liaison officers for linkage purposes.

4.9.12.3 Public Service Management

The sub- sector is mandated for Strategic Management, Development and Transformation of the organization's Human Resource Capital, maintenance and maximization of employee's performance within the Service of Nairobi City County Government. To achieve its mandate over the medium-term, the public service will commit to;

- To enhance employee satisfaction and improvement of work environment
- To create a highly skilled workforce by providing quality services and respond to emerging issues.
- To develop a positive organizational Culture by nurturing and developing careers.
- Process monthly payroll and prepare monthly payroll reports.
- Ensure that all county staffs are under medical and GPA cover.

- Develop and implement Capacity Building programs to county staffs from various sectors

4.9.12.4 Boroughs and Sub County Administration

The sub sector priority over the medium term will be to enhance service delivery and good governance at the decentralized levels through decentralization of services; human capital and resources; provision of timely services; Provision of adequate and habitable office accommodation; and Coordinate, supervise and manage operations and resources of boroughs, sub counties and wards. Specific strategies to be implemented are;

- Construction and equipping of borough offices and boroughs service centers
- Provision of office space for SCAs and Ward Administrators
- Provision of transport- Vehicles. Some Sub Counties are quite expansive and requires at least two operations Vehicles to enhance service delivery and Revenue collection.
- Provision of working tools, stationery, computers.

4.9.12.5 Security and Compliance

The sector priority will be to enhance enforcement and compliance with county laws through the implementation of the following activities; procurement of operational vehicles, procurement of uniforms, renovation of Dagoretti training school, procurement of motorbikes, procurement of communication gadgets, refurbishing Muoroto and Pumwani offices and recruitment of enforcement officers.

4.9.12.6 Disaster Management and Coordination

Disaster management and coordination remains fundamental in the effort of having a resilient city. Towards this end, the county will work to improve the efficiency and capacity of the Disaster management and Coordination, enhance the capacity of the public to manage disaster and respond to emergencies and develop appropriate disaster policy, legislative, and regulatory framework. This will be actualized through implementation of the following strategies;

- Construction and equipping of fire stations
- Inspect fire Hydrant within Nairobi County
- Conduct Internal training to fire fighters and DMOs
- Repair and service Boreholes
- Repair Backup generators
- Repair of Turntable ladder cage
- Provide timely and effective pre-hospital medical care for individuals in emergency situations

- Rapid response to mass casualty incidents.
- Offer Safety for VIP and VVIP convoys.
- Ensure availability of medical support during events.
- Provide psychological support to all persons affected by disasters
- Offer skills and capacity building in firefighting, disaster management and disaster response
- Urban search and rescue team training
- Water rescue training
- Cross –Training: Basic medical/firefighting training for respective teams
- Standardized command: clear roles and unified structures
- Community engagement: Outreach, drills and Education.
- Resource Management: coordinated procurement and maintenance
- Post Disaster Needs Assessment: Joint evaluation and improvement
- Research and innovation: Collaboration on new technologies
- Policy Advocacy: Supportive policy promotion and stakeholder engagement

4.9.12.7 Internal Audit

During the FY 2025/26, the department will embark on carrying out the following activities for the purpose of risk assessment;

- Institutionalize risk management in the County.
- Improve/increase adherence to Financial Management practices
- Strengthen the internal control systems.
- Enhance compliance with the legal and regulatory framework
- Enhance capacity among auditors and audit committee

4.9.12.8 Office of The County Attorney

The office aims to reduce the number of legal matters filed against the county and improve its defense strategy in court. this will be achieved by recruiting more advocates to handle legal cases efficiently, ultimately reducing the overall cost of legal services, it will focus on preparing necessary conveyancing documents for various county projects. It will also play a crucial role in developing and revising county policies based on expert advice and analysis of submitted reports. This includes developing new legislation and revising existing laws to align with the county's evolving needs and priorities.

4.9.13: WARD DEVELOPMENT PROGRAMME

The Ward Development Programme administers funds for development of all 85 wards in Nairobi City County. The core mandate of the WDP is to ensure equity through providing quality physical infrastructure within the Wards. Over medium term, the WDP aim at improving the livelihood of all residents in the 85 wards by providing quality physical infrastructure, expansion of roads and drainage, street lighting, drilling of boreholes and construction of footbridges and other social amenities.

4.9.14: COUNTY PUBLIC SERVICE BOARD (CPSB)

The County Public Service Board will embark on establishing skilled and adequate workforce in the county public service through;

- Ensure Disciplinary action is handled effectively.
- Carry out capacity building to ensure Skilled workforce
- Collaboration /benchmarking with other stakeholders
- Compliance of national values and principals
- Carry out Midterm review of Board Strategic Plan
- Carry out Midterm review of Board Charter
- Customize County Human Resource Manual
- Acquire Utility Vehicles to enable ease in mobility.

4.9.14 COUNTY ASSEMBLY

The Nairobi City County Assembly is established under pursuant to section 176 of the Constitution of Kenya. Article 185(1) of the constitution vests the legislative authority of a County Government on its County Assembly. The main functions of any County Assembly and therefore the Nairobi City County Assembly can be summarized thus; a) Legislation b) Representation c) Oversight. To carry its mandate, the county assembly will prioritize the following over the medium term.

- Facilitate the assembly for effective and efficient legislation, representation and oversight through members' capacity building programs
- Automation of CASB operations
- Continuous upgrading of secretariat key infrastructure, facilities and equipment
- Enhance work environment and culture
- Enhance ICT Infrastructure
- Research on policies and regulations among others

CHAPTER FIVE: FISCAL RISKS UNDERLYING BUDGETARY AND FISCAL POLICY

5.0 OVERVIEW

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

5.1 THE FISCAL RESPONSIBILITY PRINCIPLES

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

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

5.1.1 ADHERENCE TO THE FISCAL RESPONSIBILITY PRINCIPLES

1. County revenue verses recurrent expenditure

The county has been adhering to this principle over the years by ensuring a balanced budget. This will be upheld in the financial year 2025/26 with a projected recurrent expenditure of Kshs 31.8B which is much below the projected total revenue of Kshs 45.4B.

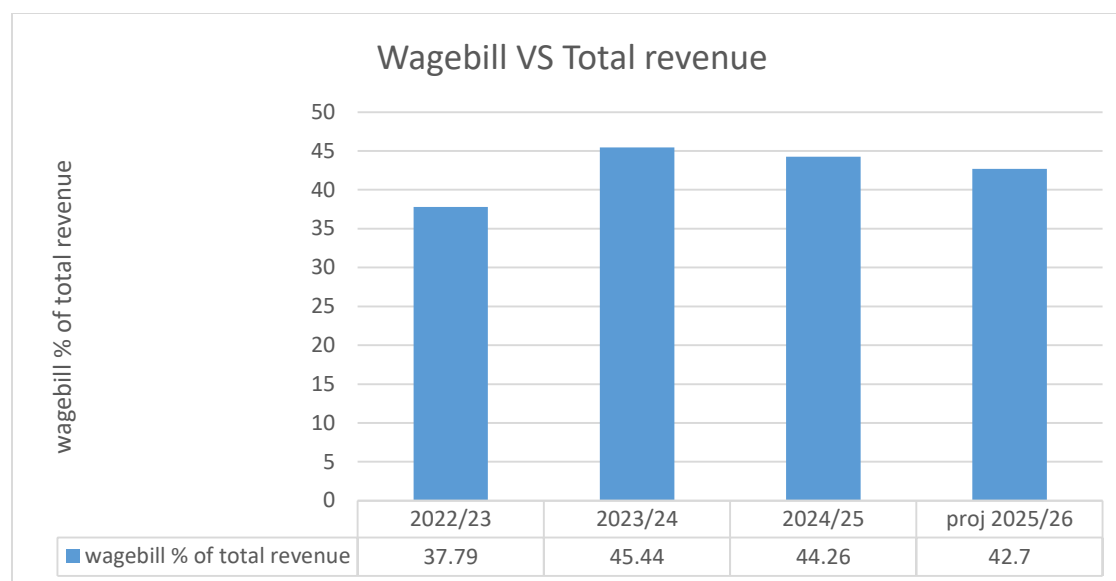
2. Allocation of 30% to development expenditure

Over the medium term a minimum of thirty percent of the county governments' budget shall be allocated to the development expenditure. The paper has proposed a thirty percent allocation towards development for the year 2025/2026 and over the medium term. The projected development expenditure for FY 2025/26 will be Kshs 13.6 Billion while as the recurrent expenditure will be Kshs. 31.8 B. This translates to a ratio of development vs recurrent at 30:70. Over the medium term, the County government will continue to enforce austerity measures to ensure that recurrent expenditure is kept at the lowest level possible.

3. County wages

Expenditure on wages and benefits for public officers is capped at 35% of the County's total revenue by the Public finance management (County Governments) Regulations, 2015. Nairobi City County has not managed to meet this provision due to the size of the workforce required to serve the huge population of the city of approximately six million people during the day. Therefore, over the years the wage bill percentage to county total revenue has been above the recommended 35% as depicted below;

Fig 5.1: Wage bill percentage to county total revenue



Source: county HR

The projected Personnel emolument for 2025/26 is 19.4 B. This expenditure will consume 42.7 Percent of the proposed budget. This is above the 35 percent threshold provided by the Public Finance Management (County Governments) Regulations, 2015. The county strives to lower the personnel emoluments in the medium term. This paper has proposed deferment of new recruitment and phasing promotions over a three-year period.

4.County debts

The proposed 2025/26 budget is balanced and there are no provisions for borrowing. Instead the paper recommends for leveraging on other financing mechanisms including PPPs, Joint ventures and grants. In the medium term, the option for borrowing towards financing development which require huge capital outlay may be pursued.

By the end of the FY 2023/2024 the county debt portfolio was Kshs 103.5B (Historical debts) while accounts payables were 15.2 B. However, a portion of this debt remains contentious, with the county proposing to review all the county debt to ascertain the accurate figure, in the medium term strategy. This paper has proposed taming the increase of this debt, coupled with implementation of debt resolution strategies in the Debt Management Strategy 2025.

5.2 FISCAL RISKS AND MITIGATION

Fiscal out-turns often differ substantially from budget or other fiscal projections, owing to shocks such as deviations of economic growth from expectations, terms of trade shocks, natural disasters, calls on government guarantees, or unexpected legal claims on the county. In many instances, failure to disclose and prepare for such risks has caused Nairobi county government a big detriment in financing its obligations. Moreover, unexpected spending pressures or revenue losses often require disruptive ad-hoc adjustments during the fiscal year.

Indeed, even in counties where debts and deficits have been reduced, policymakers 'attention is turning toward risks—especially from contingent liabilities and off-balance-sheet items—that may not be fully apparent in “headline” fiscal indicators. To address the challenges posed by fiscal risks, the county has increased its disclosure of such risks, so as to foster fiscal sustainability. In this regard most of the key identified risks are;

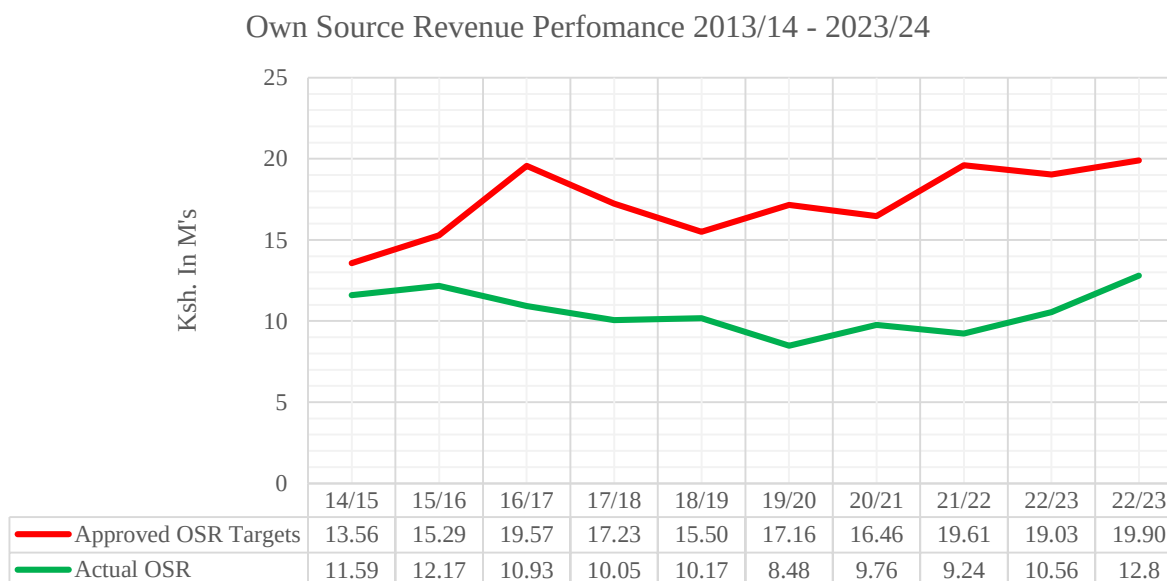
INADEQUATE RESOURCES

The County is faced with a two pronged challenge relating to availability of resources to deliver the fourteen functions assigned by the constitution 2010. First, the County approved budgets over the years have been significantly lower compared to sector proposals for implementation of priority programmes as stipulated in the Annual Development Plan. This paper has proposed a budget of Kshs. 45.4 Billion, which is only 51.3% of the desired Kshs. 88.4 Billion(ADP) required to implement all county priorities. This challenge is projected to persist in the medium term and consequently most deliverables planned to be met in the CIDP 2023-2027 may not be achieved.

SHORTFALL IN OWN SOURCE REVENUE

The second challenge is the fact that approved revenue targets fall short mostly due to underperformance of Own Source Revenue. The two main revenue sources for the county government is external revenue (Equitable share and conditional grants) and Own source revenue. The revenue projections over the years have not been met. External revenue sources have been resilient over the years. However, the main fiscal risk that is likely to be faced by the county government is the shortfall in local revenue flows(OSR). Over the years, Own Source Revenue actualized have been falling short from the targets, with a reducing trend in absolute numbers.

Fig 5.2: Own source revenue target versus Actuals



Source: County Treasury

The OSR has also been far much lower than the equitable share over the years. OSR remains the best and most reliable revenue source for guaranteed prosperity of the county, if the targets can be met. The revenue generation from internal sources has continued to face challenges that must be progressively mitigated in order to achieve county development goals. For instance, rates revenues have continued to be below expectation due to high default rates among statutory bodies and land, the revenue collection system has been unreliable, revenue collection processes have been inefficient, limited taxpayer education has been prevalent, informality in the business environment has been high, revenue leakages have been persistent, enforcement measures have been inconsistent, data on revenue payers has been unreliable, facilitation of revenue collection process has been inadequate, revenue management structure has been weak and the national economic performance has been erratic.

Legal risks stance may impede revenue collection through court cases or court decisions that may affect revenue streams. Currently, rates collection has not met its full potential as a few rate payers

still challenge implementation of the new valuation roll. Striking a balance between revenue collection and other development agenda is therefore necessary.

mitigation measures

In the medium term, the County will undertake measures aimed at expanding the revenue base and increasing tax compliance through integration of technology in revenue collection. Receivables will be targeted as an avenue for raising capital. In the medium term, the County Government will raise additional resources from both market and non-market based resource mobilization instruments. The County treasury will also synchronize development and approval of the finance bill with the budget process so as to avert delayed implementation of the finance act.

To ensure adequate resources for implementation of county priorities, the county will explore alternative financing mechanisms in the form of grants, issuance of a green bond, Public Private Partnerships (PPP's), Joint Ventures (JV's), Leasing and technical cooperation and partnerships.

HIGH WAGE BILL VERSUS REVENUE

Personnel Emolument has been high and ever increasing, surpassing the stipulated 35% of the total revenue, further constraining the fiscal space. Section 25 (1-b) of the Public Finance Management (County Government) Regulations, 2015 stipulates that wages and benefits for public officers should not exceed 35% of Total revenue. Over the years, PE was below 35% of the actual county revenue in the FY 2020/21 and 2021/22 after the transfer of functions where a section of employees moved to NMS.

Table 5.1: County Wage bill to revenue ratio for the last 5 years

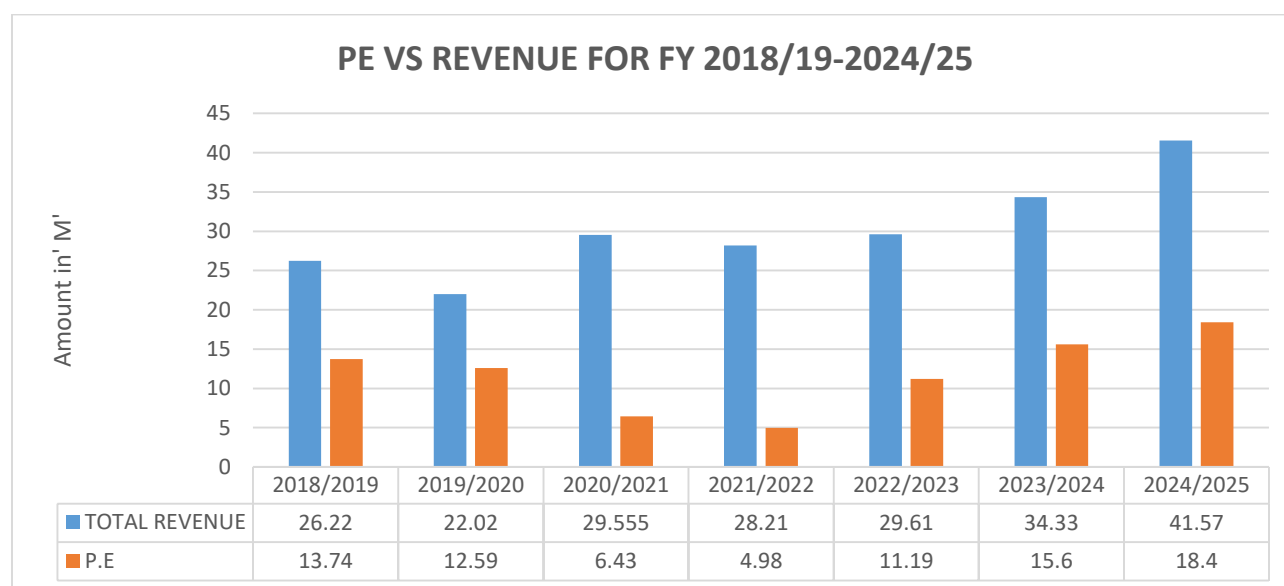
FY	TOTAL REVENUES (Kshs)	COMPENSATION OF EMPLOYEES (Kshs)	P.E RATIO %
19/20	22,022,326,802	12,590,337,786	57.2
20/21	29,553,905,838	6,430,283,158	21.8
21/22	28,209,671,039	4,982,191,769	17.7
22/23	29,608,044,156	11,185,475,652	37.8

23/2 4	32,089,319,516	17,290,337,584	53.9
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Source: County HR

Payroll analysis indicates that Compensation to employees is currently increasing at a higher rate than increase in total revenue. This may worsen the wage bill – revenue ratio consequently making the county fail to meet the fiscal responsibility principle.

Fig 5.3: County PE VS total revenue



Source: County HR

Mitigation

The county will embrace technology to replace some aspects of human labor e.g. using tools and machinery to carry out environmental duties like slashing and maintaining lawn in the county. This will save the resources towards payment to casual workers. To conform to the fiscal responsibility principles, the following corrective actions will be implemented;

1. Enacting legislation that makes it mandatory for Counties to plan, develop and implement a medium- term staff establishment that is anchored on County Integrated Development Plan.
2. Suspend recruitment of new staff with the exception of replacing staff performing critical county functions.

3. Establish semi-autonomous entities to perform and manage County functions e.g. hospitals, revenue collections, solid waste management, Urban planning functions e.t.c
4. Introduce reward based compensations system that remunerates employees based on performance and achievements on agreed set targets
5. Consider introducing a fully funded voluntary early retirement scheme for employees who may want to opt out of permanent employment

PENDING BILLS/DEBT

The issue of Pending debts/bills continues to be a major economic policy threat facing the Nairobi County government. Consequently, the County is subjected to the risk of higher interest rate and other unpredictable cost elements. The debt trend has been increasing from one year to another. The pending bills accumulated in the FY 2023/2024 was 99B marking a decrease of 7.76 % from the previous year 2023/24. The following table shows the accumulated pending bills as from 2020/2021 up to 2023/2024 respectively.

Table 5.2: Pending bills trends

Financial years	Pending bills in Billion shillings
2020/2021	78.14
2021/2022	99.37
2022/2023	107.33
2023/2024	99.00

Mitigation

The Debt Management Strategy Paper (DMSP) 2025 provides guidance on the amount and type of borrowing to undertake over the medium term. It evaluates the costs and risks of various Debt Management Strategies and provides recommendations on meeting its obligations geared towards clearing of debts.

Expenditure capping, auditing of the existing debt; timely remittance of statutory deductions to avoid penalties, debt restructuring and swapping, negotiation for writing off of old debts,

reduction of accumulation of legal fees and decretals and creation of new channels of revenues to ease on the loan amounts required to finance development projects are all strategies that will be employed in the medium term

LOW BUDGET ABSORPTION CAPACITY

Absorption capacity for development budget across sectors remained largely low over the period 2022/2023 ,2023-2024 respectively. The fiscal performance for the financial year 2023/2024 closed with a positive growth in total revenues from Kshs 29.8 billion to Kshs 33.3 billion. The growth was largely occasioned by the improvement of own source revenues from Kshs 10.4 billion to Kshs 12.4billion in financial years 2022/2023 and 2023/2024 respectively.

This is largely attributed to poor conceptualization of programs, inadequate capacity for technical designs, delay of disbursement of equitable share by the national government, declining own source revenue and inefficient costing of projects

Mitigation

Customization and implementation of Public Investment Management will improve absorption towards development. In this regard, only projects that have gone through the preliminary processes (e.g visibility study) will be accommodated in the budget. Secondly, there is need to upgrade technical capacities for design through further training and outsourcing, in order to improve flow and control of resources required for implementation of development programs. Adequate and predictable cash flow will also mitigate this challenge.

ANNEX I: FY 2025/2026 PROJECTED RESOURCE ENVELOPE

FISCAL PROJECTIONS FOR THE FY 2025/256 & THE MEDIUMTERM							
		FY 2023/2024 Actuals	FY 2024/2025		FY 2025/2026		
			Approved	Supp 1	CBROP 24	CFSP 25 (Drraft)	CFSP (Final)
	REVENUES & CASH BALANCES FROM PREVIOUS FY						
1	Unutilized Balances from previous FY						
2	COUNTY REVENUE FUND	395,404,941	1,000,000,000	1,478,245,239			
3	ROAD MAINTENNACE LEVY FUND	818,197,395		394,866,137			
4	KENYA DEVOLUTION SUPPORT PROGRAMME 1	31,442,137		31,442,137			
5	Liquor BAOARD			38,000,000			
6	Sub-total (CASH BALANCES	1,245,044,473	1,000,000,000	1,942,553,513	-	-	-
7	External Transfers						
8	Equitable Share	20,072,059,113	20,855,390,632	20,179,390,632	21,481,052,351	20,986,566,257	20,986,566,257
9	Sweden-Agricultural Sector Dev't Support Programme II	6,507,770					
10	Community Health Promoters		224,010,000	224,010,000	224,010,000	224,010,000	
11	CAIP-County Agrgegated Industrial Projects		250,000,000	250,000,000	250,000,000		
12	IDA Credit--Second Kenya Devolution Support Programme KDSP II		37,500,000	37,500,000			390,000,000
13	SWEDEN-Kenya Agricultural Business Devt Project		10,918,919	10,918,919			
14	DANIDAGrant-Primary Health Care in Devolved Context	29,048,250	24,521,250	24,521,250	6,790,500		
15	World Bank -Kenya Informal Settlement Improvement Project II	398,671,470	750,000,000	750,000,000	300,000,000		200,000,000
16	Sub-total (External Transfers)	20,506,286,603	22,152,340,801	21,476,340,801	22,261,852,851	21,210,576,257	21,576,566,257
17	Own Source Revenues						
18	Land Rates	3,483,511,667	6,750,000,000	6,750,000,000	7,100,300,000	7,100,300,000	7,600,300,000
19	Parking fees (total)	1,971,655,353	3,000,000,000	3,000,000,000	3,030,000,000	3,030,000,000	3,330,000,000
20	Unified/Single Business Permits	2,394,575,767	3,200,000,000	3,200,000,000	3,487,530,000	3,487,530,000	3,687,530,000

2 1	Plans and Inspections (Building Permits)	1,234,773,822	2,000,000,000	2,000,000,000	2,070,500,000	2,070,500,000	2,070,500,000
2 2	Billboards and advertisements	661,616,854	1,250,000,000	1,250,000,000	1,212,000,000	1,212,000,000	1,212,000,000
2 3	House Rents	503,392,053	600,000,000	600,000,000	606,000,000	606,000,000	606,000,000
2 4	Fire Inspection Certificates	58,338,357	450,000,000	450,000,000	36,360,000	36,360,000	36,360,000
2 5	Food Handlers Certificates	106,789,406	300,000,000	300,000,000	303,000,000	303,000,000	303,000,000
2 6	Markets	214,271,356	560,000,000	560,000,000	565,600,000	565,600,000	565,600,000
2 7	Other Incomes	840,935,715	1,950,926,033	1,950,926,033	1,849,310,000	1,849,310,000	1,849,310,000
2 8	Liquor Fees	270,747,747	351,000,000	351,000,000	368,200,000	368,200,000	360,000,000
2 9	Hospitals /NFH	1,072,234,069			1,200,000,000	1,200,000,000	1,236,000,000
3 0	SUB TOTAL	12,812,842,166	20,411,926,033	20,411,926,033	21,828,800,000	21,828,800,000	23,856,600,000
3 1	Total	34,564,173,242	43,564,266,834	43,830,820,347	44,090,652,851	43,039,376,257	45,433,166,257

ANNEX II: SECTOR CEILINGS FOR FY 2025/26 (Kshs. in Millions)

HEAD	PE	Appropriations -in Aid (FIF& LIQOUR)	Non - Discretionary Items	Debts Resolution	O&M	CAPEX	TOTAL
5311000000 COUNTY PUBLIC SERVICE BOARD	42,998,891				103,744,740	51,000,000	197,743,632
5314000000 FINANCE & ECONOMIC PLANNING	1,505,122,159		200,000,000	400,000,000	945,476,472	127,000,000	3,177,598,631
5320000000 PUBLIC SERVICE MANAGEMENT	283,399,466		1,600,000,000		165,303,515	170,000,000	2,218,702,981
5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	127,067,433				126,425,301	156,500,000	409,992,733
5323000000 ENVIROMENT, WATER, ENERGY & NATURAL RESOURCES	2,017,201,891				1,112,124,617	832,000,000	3,961,326,508
5325000000 WARD DEVELOPMENT PROGRAMMES		-			78,112,210	1,955,000,000	2,033,112,210
5326000000 EMERGENCY FUND		-	200,000,000				-200,000,000
5327000000 LIQOUR LICENSING BOARD		- 360,000,000					0360,000,000
5329000100 Office Of County Secretary	356,369,233				109,311,429	315,000,000	780,680,662
5329000700 Office of Governor & Deputy Governor		-			178,059,079	24,000,000	202,059,079
5329001100 Boroughs, Sub County Administration	459,771,140		390,000,000		77,303,517	614,805,683	1,541,880,340
5329001300 Security and Compliance	2,292,431,367				110,257,522	147,300,000	2,549,988,890
5329001700 Disaster Mgt & Coordination	274,943,395				125,601,952	337,500,000	738,045,347
5329002100 Audit	47,939,586				66,509,604	10,000,000	124,449,191
5330000000 COUNTY ATTORNEY	145,008,249				75,600,000	20,000,000	240,608,249
5331000000 INNOVATION AND DIGITAL ECONOMY	110,435,704		40,000,000		81,817,654	598,611,367	830,864,725

5332000000 HEALTH WELLNESS & NUTRITION	7,942,567,833	1,236,000,000	1,400,000,000		197,279,134	1,335,000,000	12,110,846,967
5333000000 BUILT ENVIROMENT & URBAN PLANNING	422,407,224				113,176,117	622,566,537	1,158,149,878
5334000000 MOBILITY AND WORKS	496,773,597		360,000,000		123,450,121	1,724,000,000	2,704,223,717
5335000100 Education Headquarters	886,166,074		985,200,000		66,392,039	270,000,000	2,207,758,113
5335000500 Social Services Headquarters	81,113,426				41,392,036	25,000,000	147,505,463
5335001000 Youth, Talent & Sport	99,668,491		50,000,000		67,392,039	1,203,791,290	1,420,851,820
5336000000 BUSINESS & HUSTLER OPPORTUNITIES	493,934,772				98,087,594	1,045,250,000	1,637,272,367
5337000000 INCLUSIVITY PUBLIC PARTICIPATION,& CITIZEN ENGAGEMENT	132,383,424				105,847,306	325,625,000	563,855,730
5338000000 NAIROBI REVENUE AUTHORITY					108,635,680	205,000,000	313,635,680
Sub-total (County Executive)	18,217,703,356	1,596,000,000	5,225,200,000	400,000,000	4,277,299,677	12,114,949,877	41,831,152,910
5322000000:COUNTY ASSEMBLY	1,151,334,470				995,678,877	1,455,000,000	3,602,013,347
TOTAL FOR VOTE 5310000000 NAIROBI CITY COUNTY	19,369,037,826	1,596,000,000	5,225,200,000	400,000,000	5,272,978,555	13,569,949,877	45,433,166,257

ANNEX III: REPORT ON PUBLIC PARTICIPATION

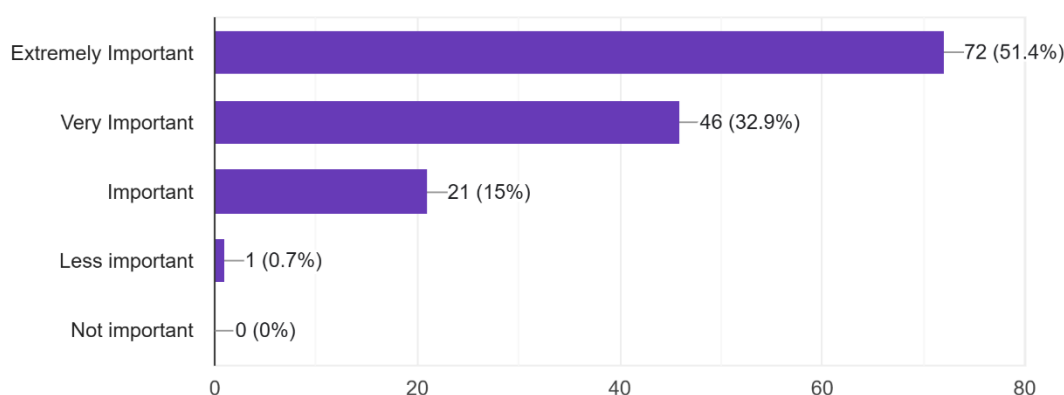
Public participations were conducted across all 17No. sub-counties on 12th and 13th of February 2025 with an aim of collecting views on the CFSP 2025. A total number of 1,287 people participated in the physical meeting while as a total of 140 people participated in the digital platform. The analysis was from the digital platform respondents.

PUBLIC INPUTS ON CFSP 2025 PRIORITIES

1.MOBILITY AND WORKS SECTOR

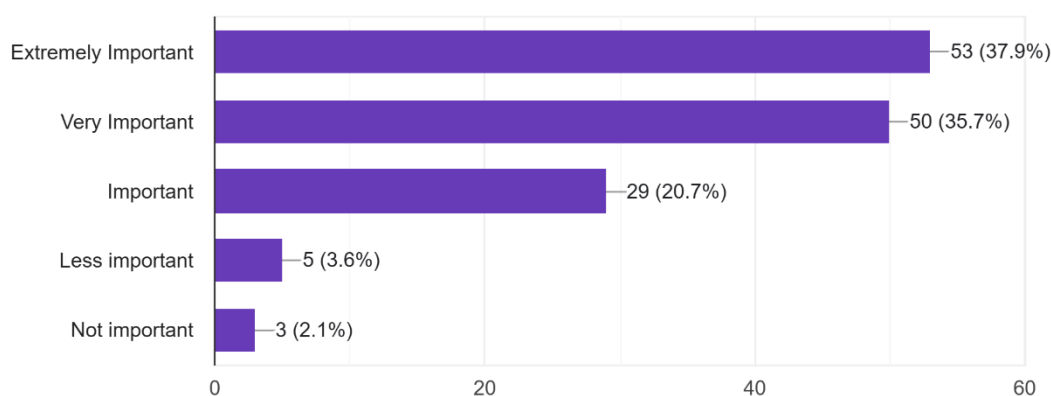
Road infrastructure

140 responses



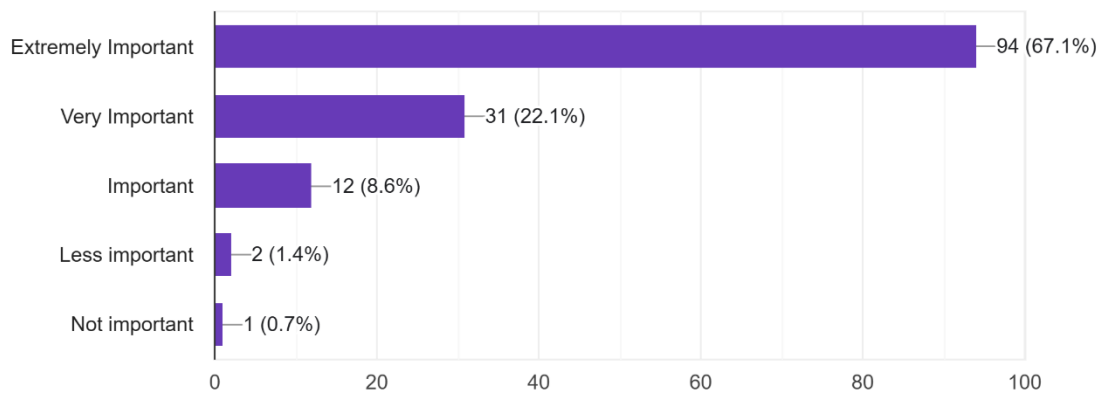
Traffic management

140 responses



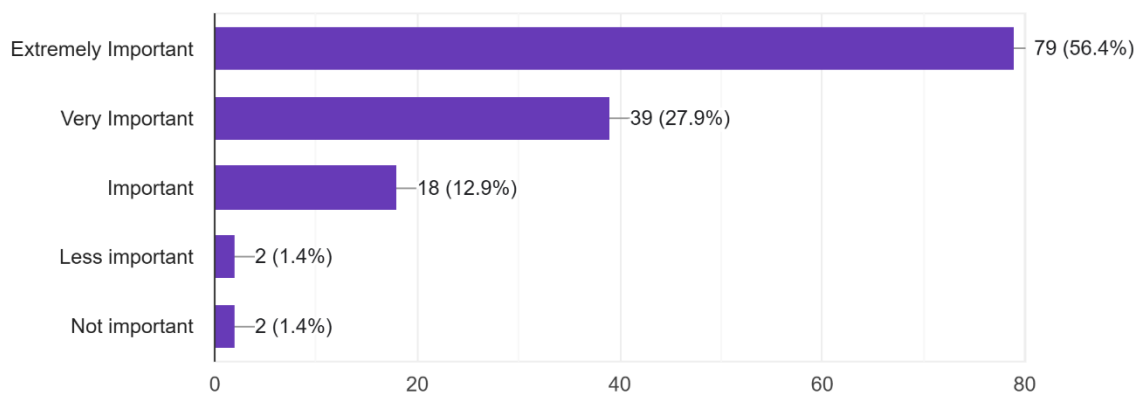
Water drainage infrastructure

140 responses



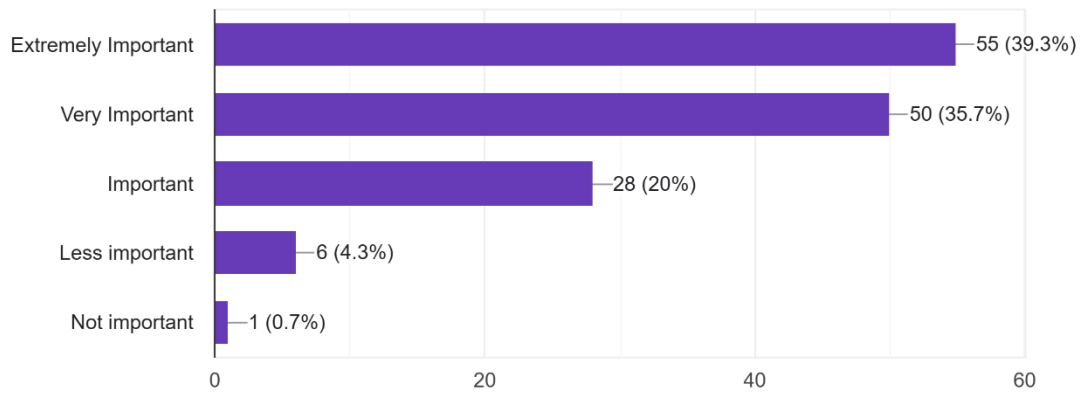
Streetlighting

140 responses



Public transport facilities e.g walkways. Termini, footbridges

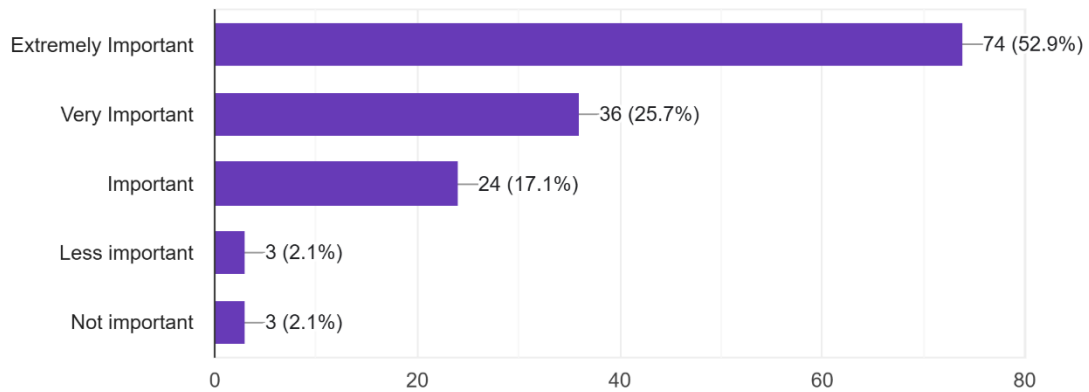
140 responses



HEALTH WELLNESS AND NUTRITION Sector

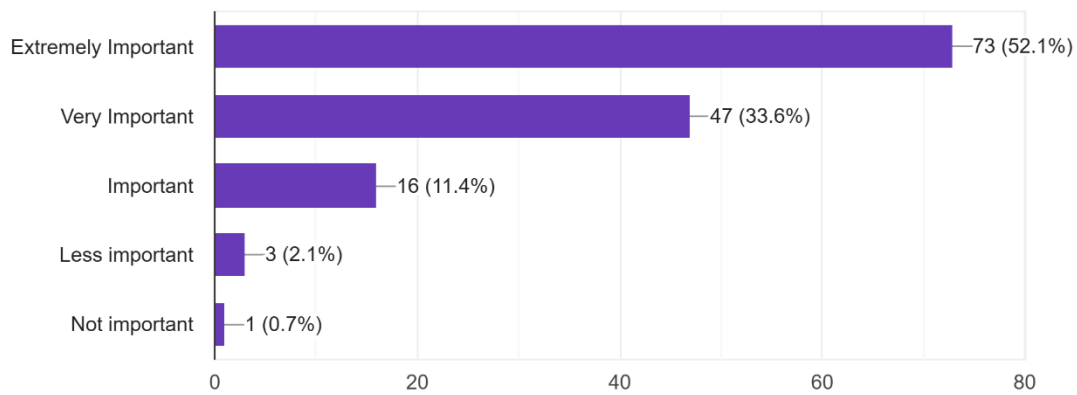
Non-communicable disease control e.g HIV/AIDS and Malaria

140 responses



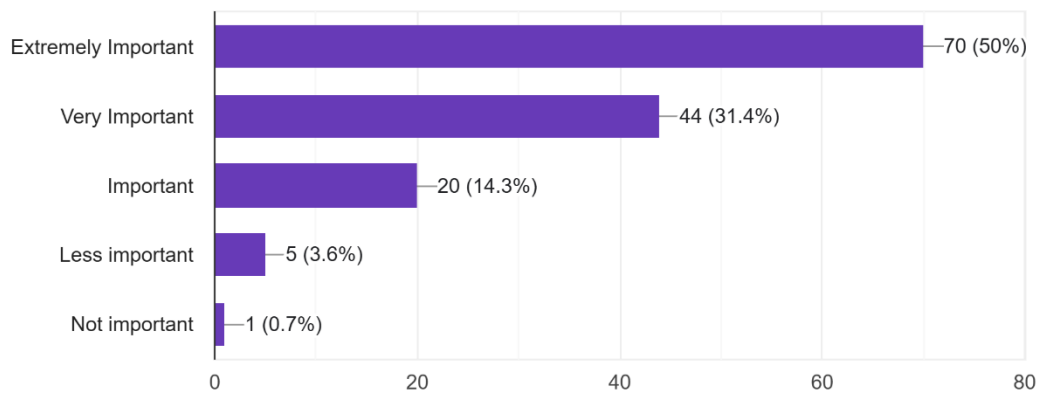
Health commodities

140 responses



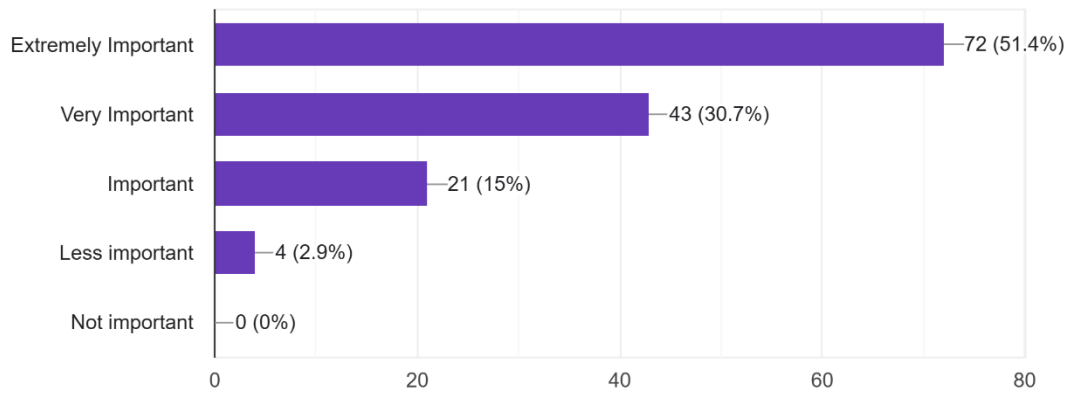
Mental health

140 responses



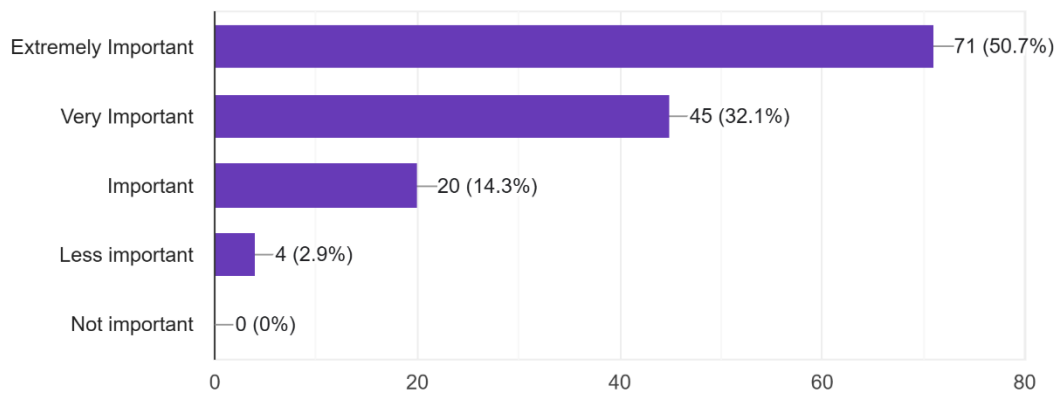
Health personnel

140 responses



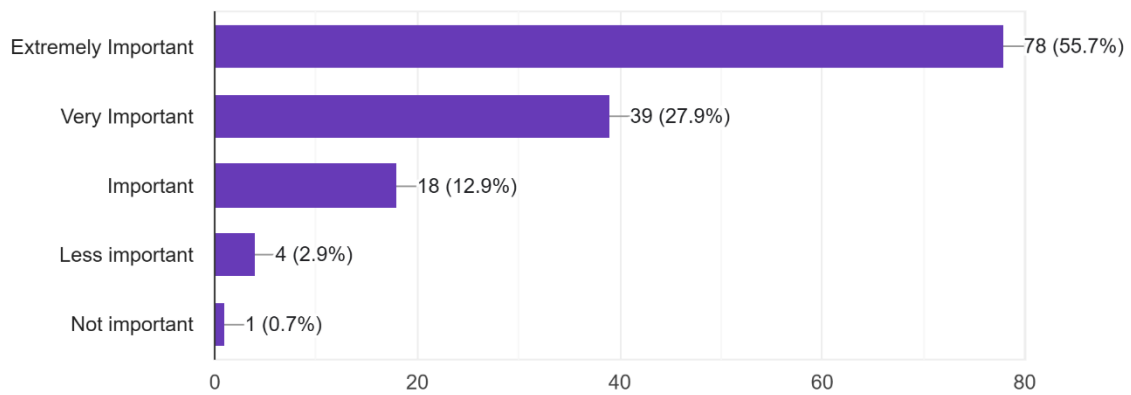
Health Infrastructure

140 responses



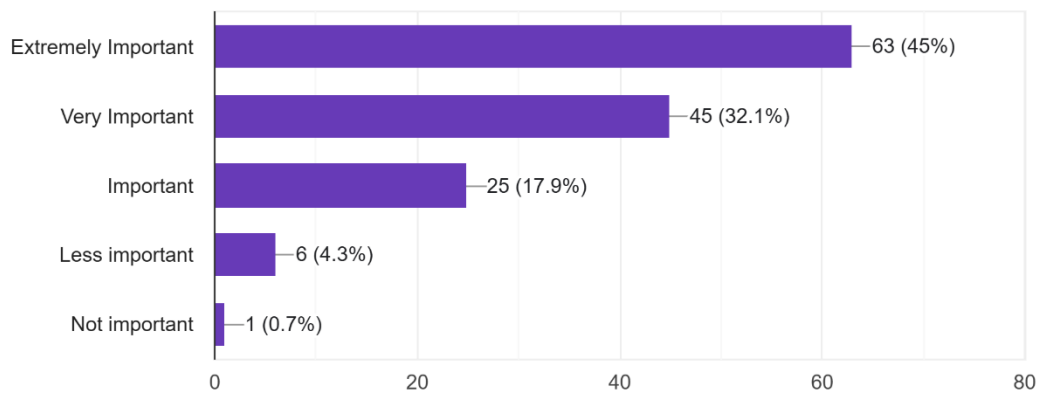
Health financing

140 responses



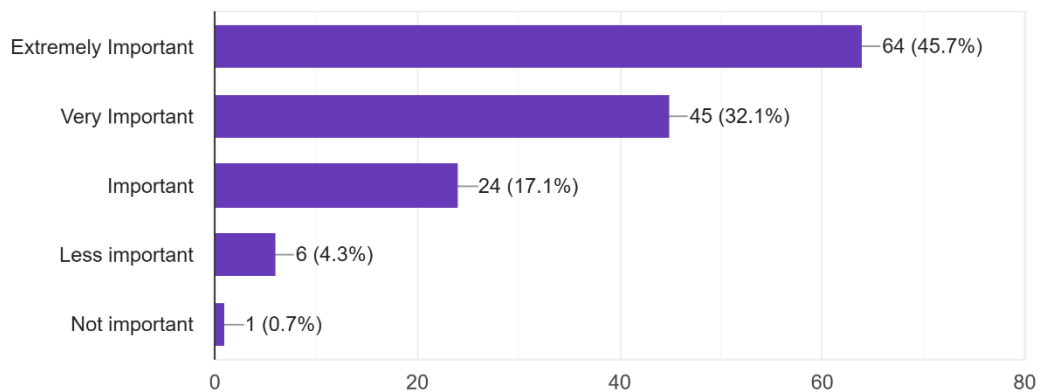
Nutrition and wellness

140 responses



School feeding programme

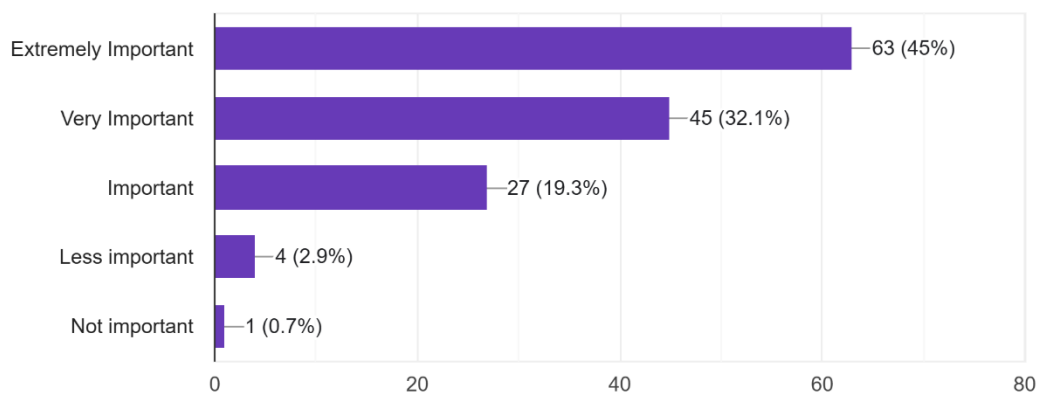
140 responses



TALENT, SKILLS DEVELOPMENT AND CARE

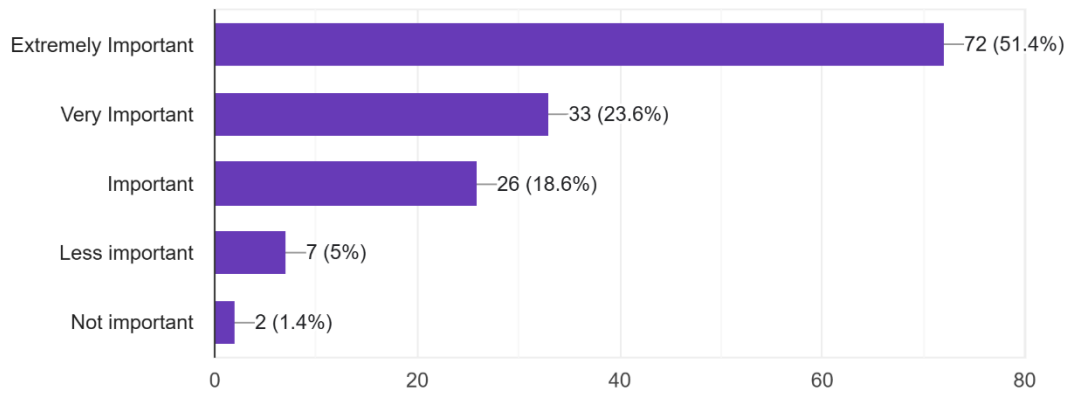
Early childhood development education

140 responses



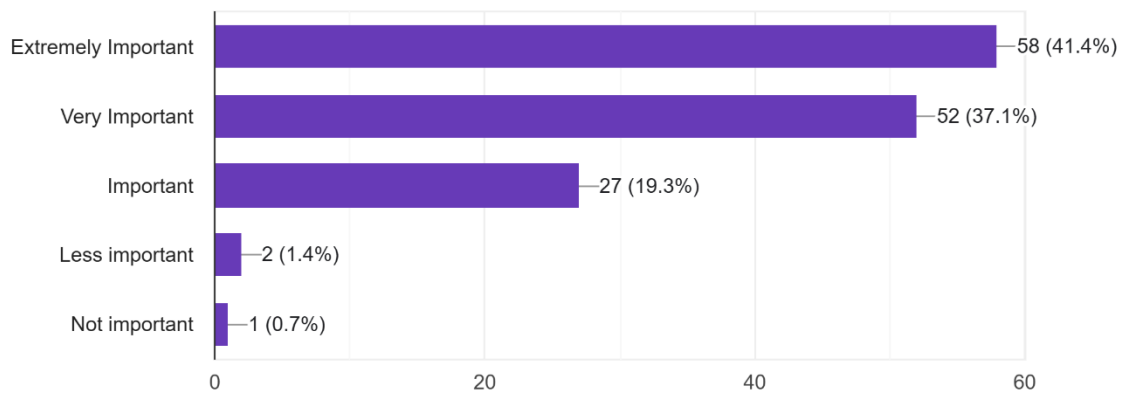
Bursaries & scholarship Programme

140 responses



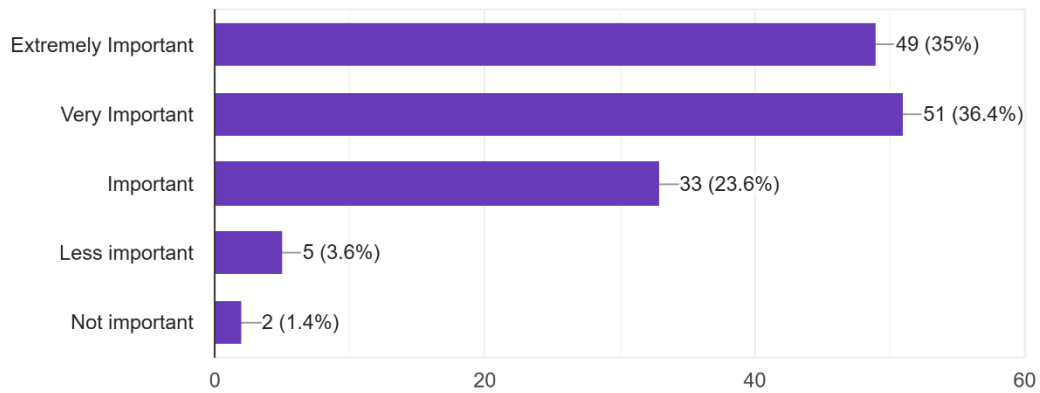
Vocational training Centers

140 responses



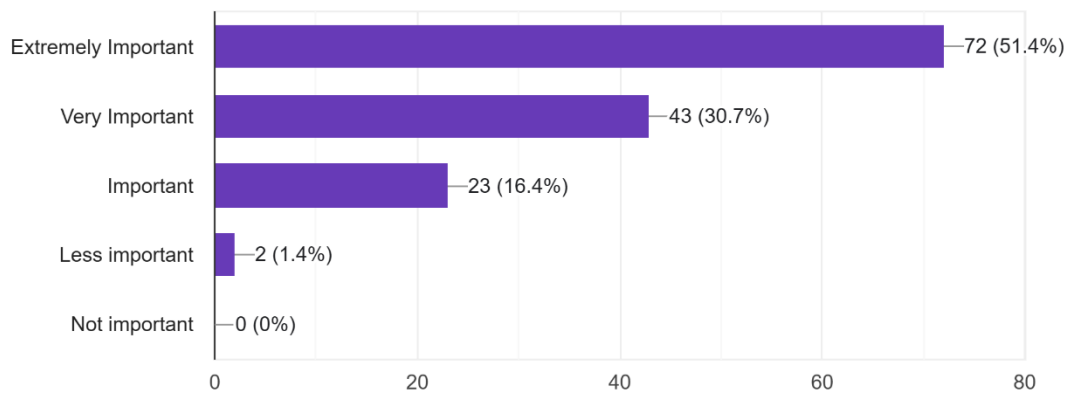
Child and family welfare

140 responses



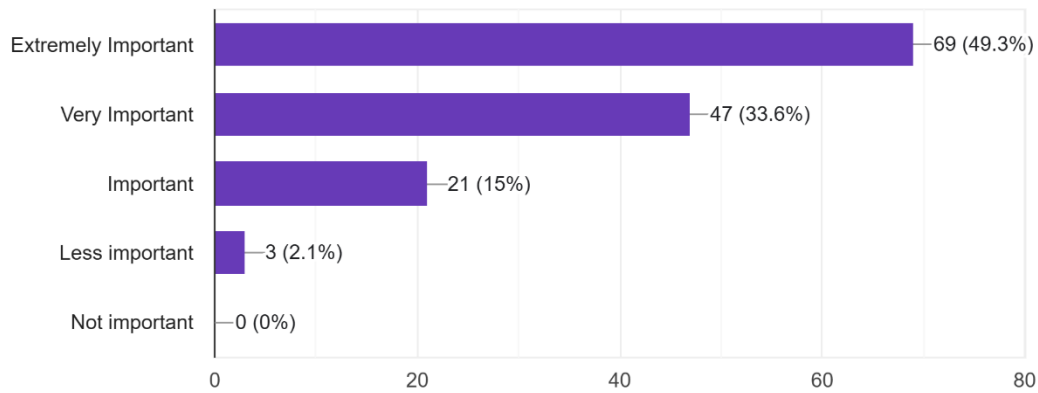
Drug Control

140 responses



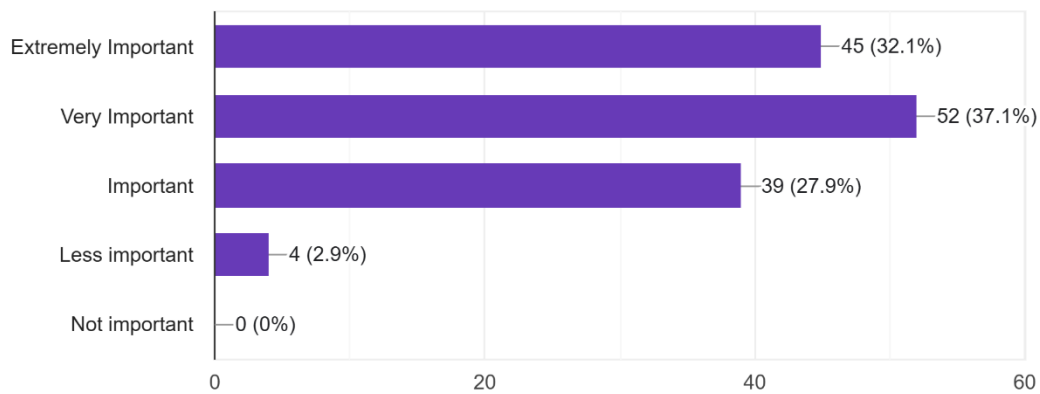
Youth empowerment programmes

140 responses



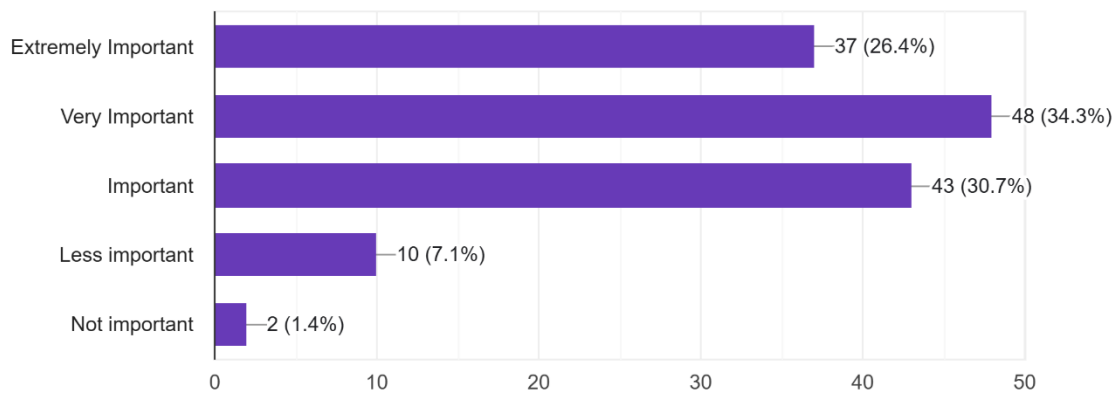
Sport development

140 responses



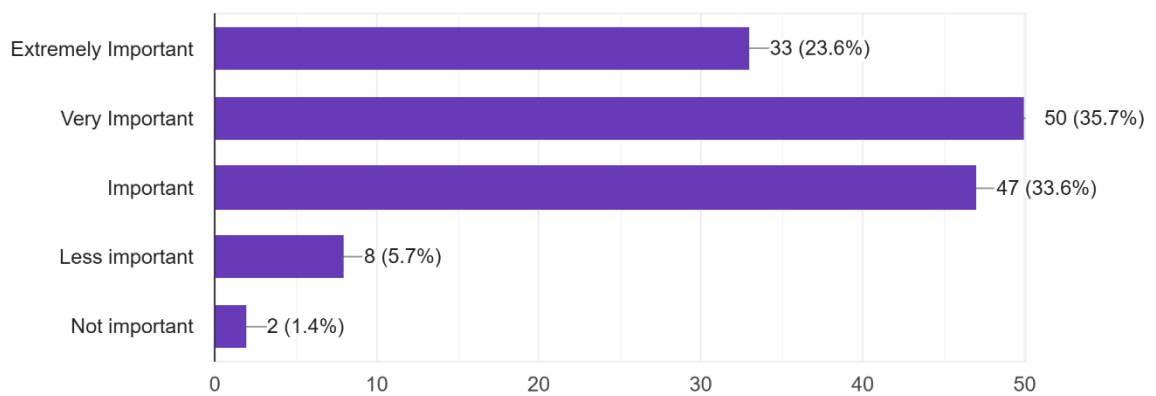
Library services

140 responses



Recreational opportunities

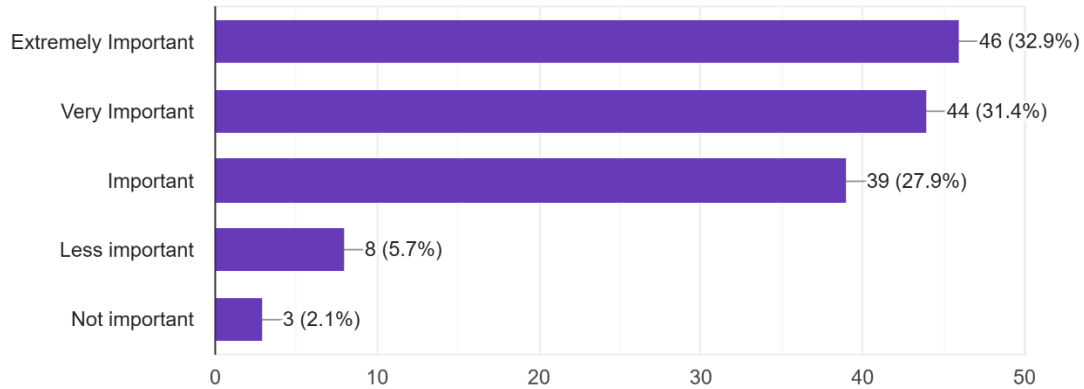
140 responses



BUSINESS HUSTLER AND OPPORTUNITIES

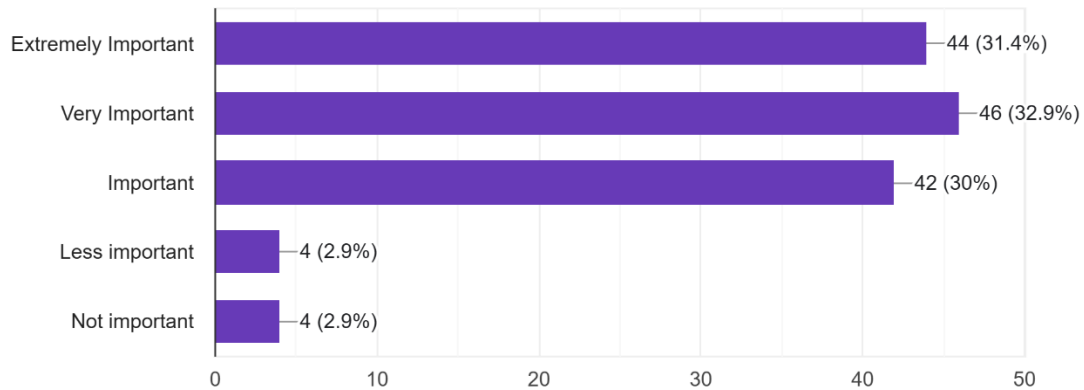
Cooperative development

140 responses



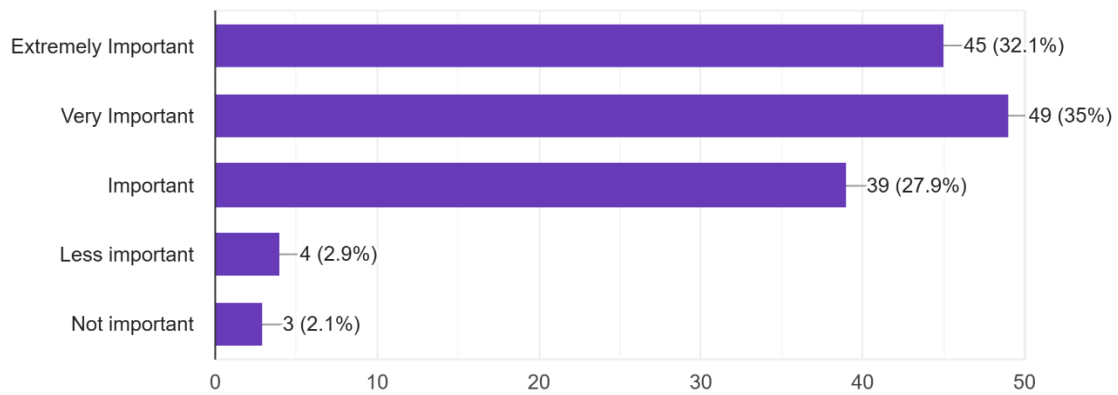
Construction of Markets

140 responses



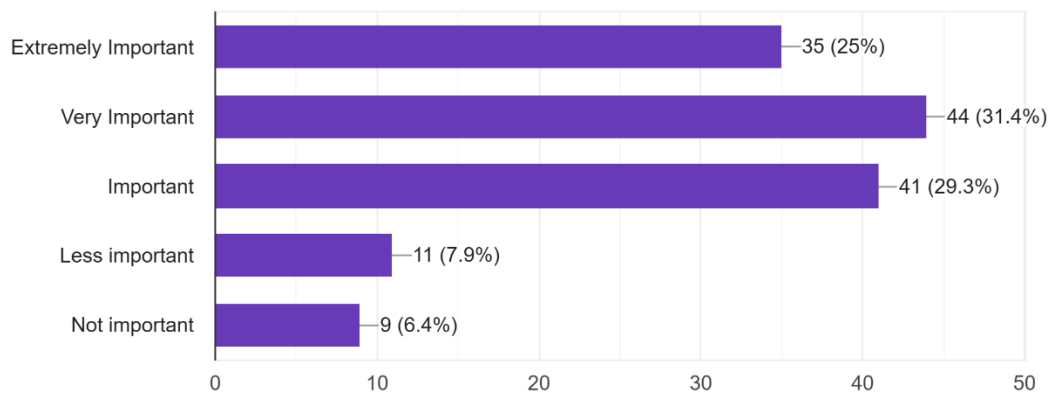
Micro, Small & Medium Enterprises (MSMEs) empowerment

140 responses



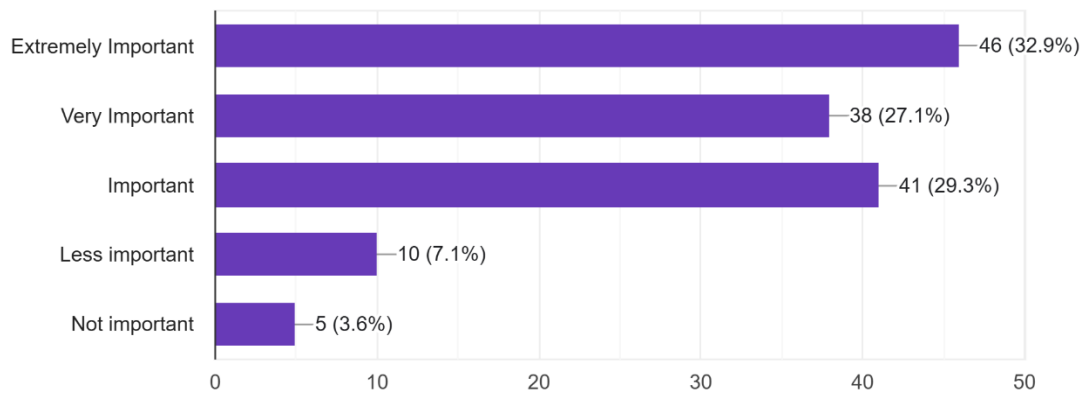
Trade and liquor licensing

140 responses



Biashara fund

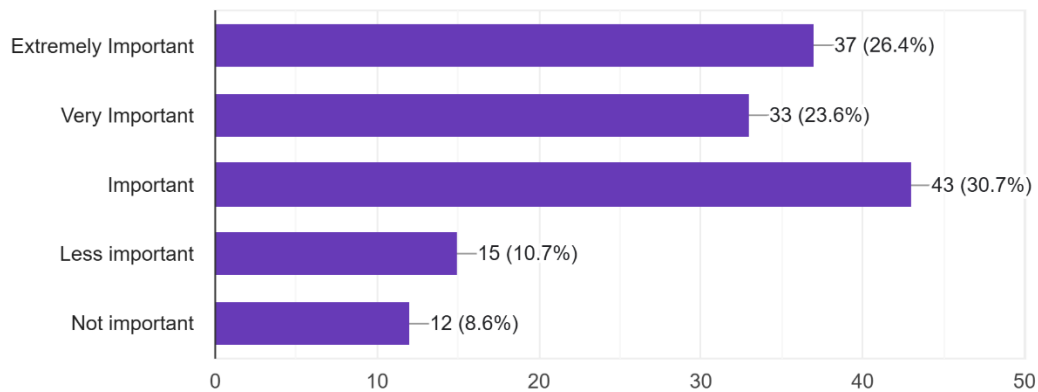
140 responses



Green Nairobi

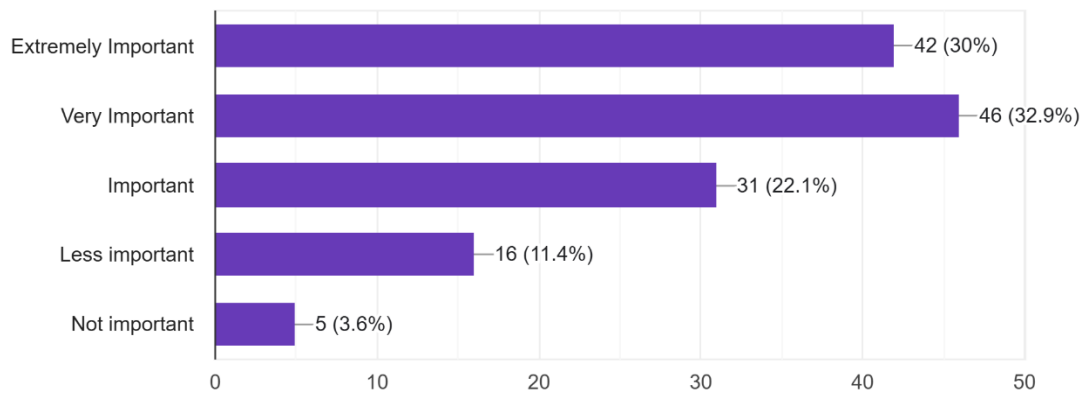
Crop development through extension services

140 responses



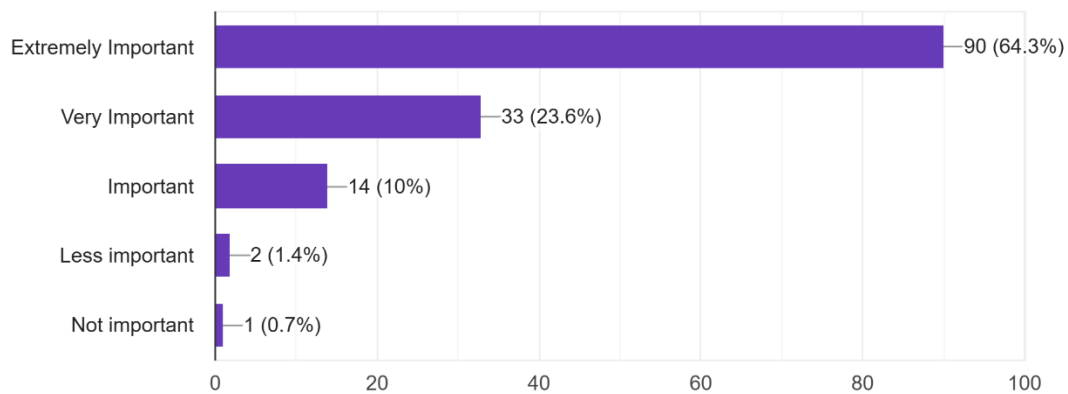
Climate change & drought mitigation

140 responses



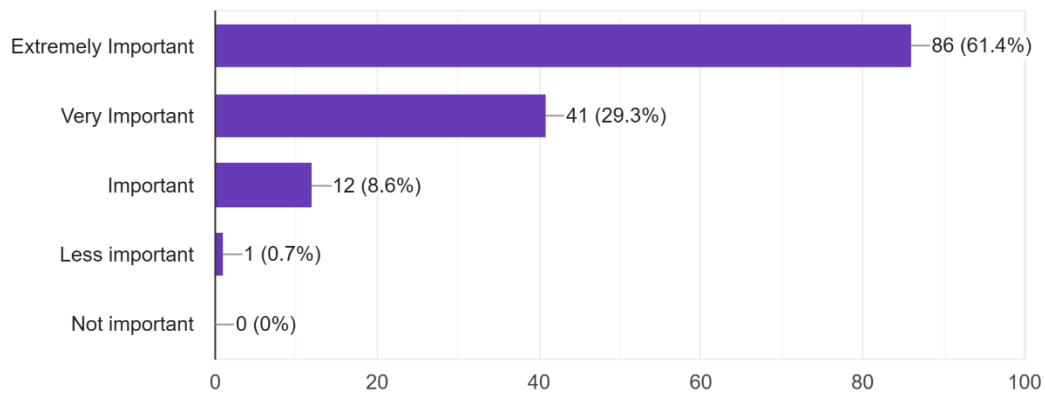
Water supply

140 responses



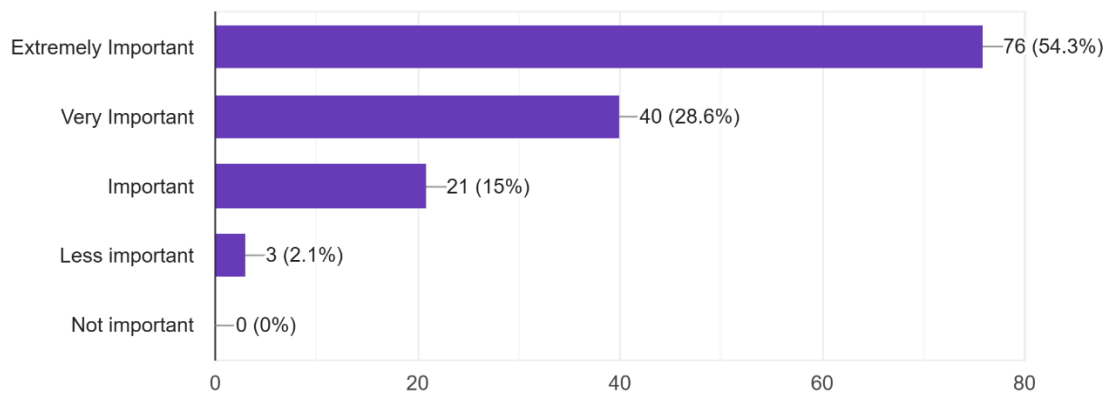
Solid waste management

140 responses



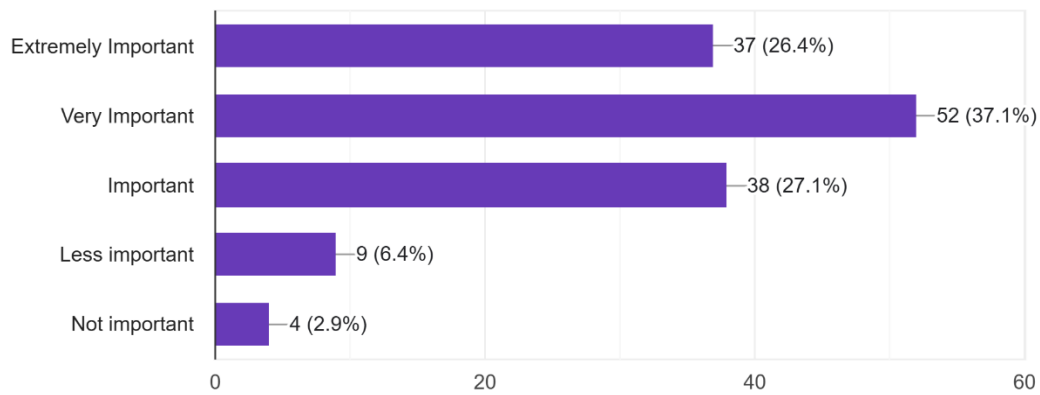
Sanitation services

140 responses



Beautification, Recreation, and Greening

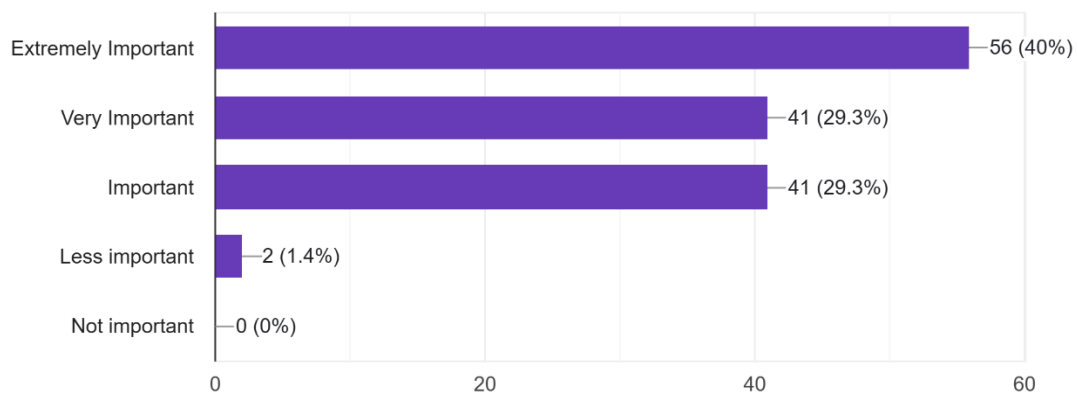
140 responses



INCLUSIVITY, PUBLIC PARTICIPATION & CITIZEN ENGAGEMENT

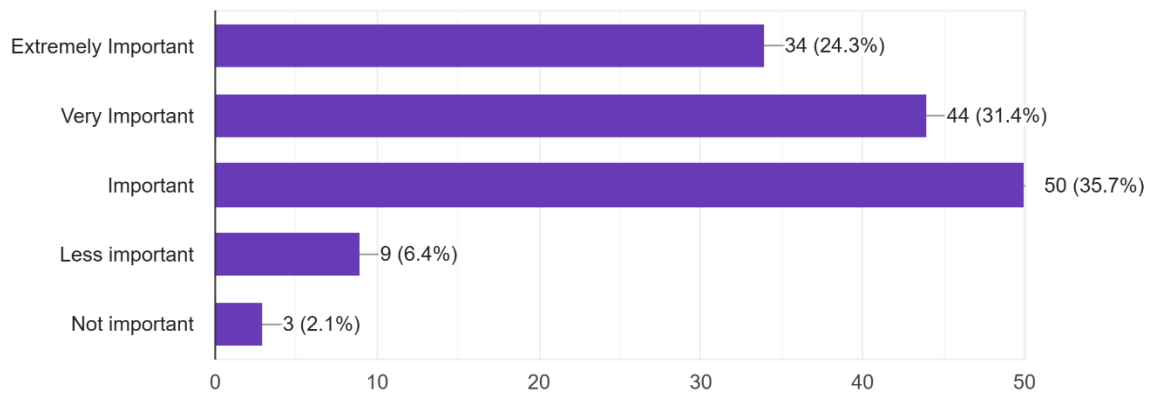
Institutionalization of public participation& civic education

140 responses



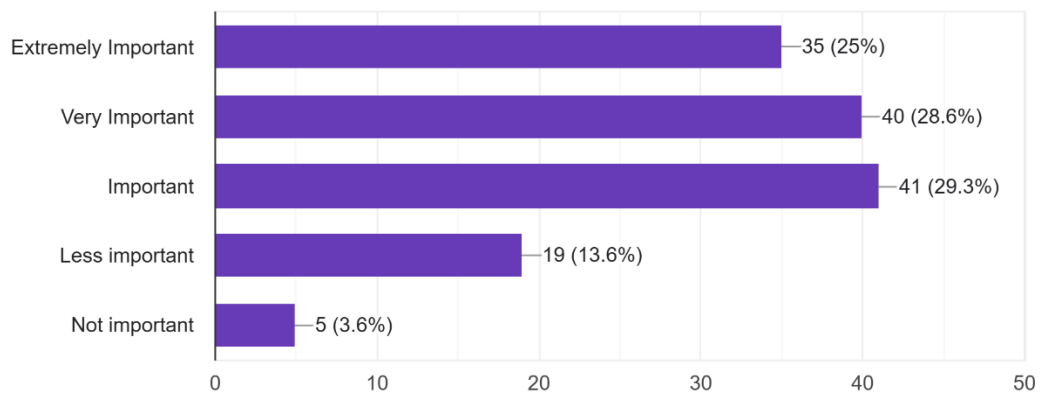
Culture and arts development

140 responses



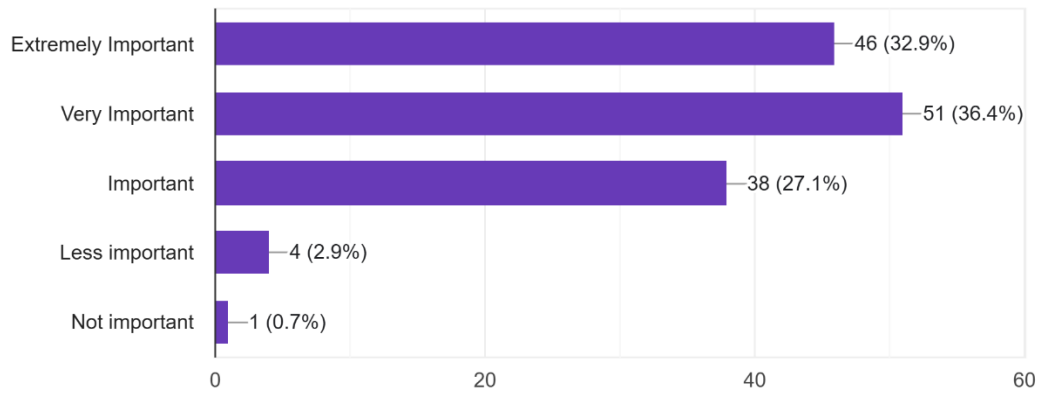
Tourism development

140 responses



Gender and Disability Mainstreaming

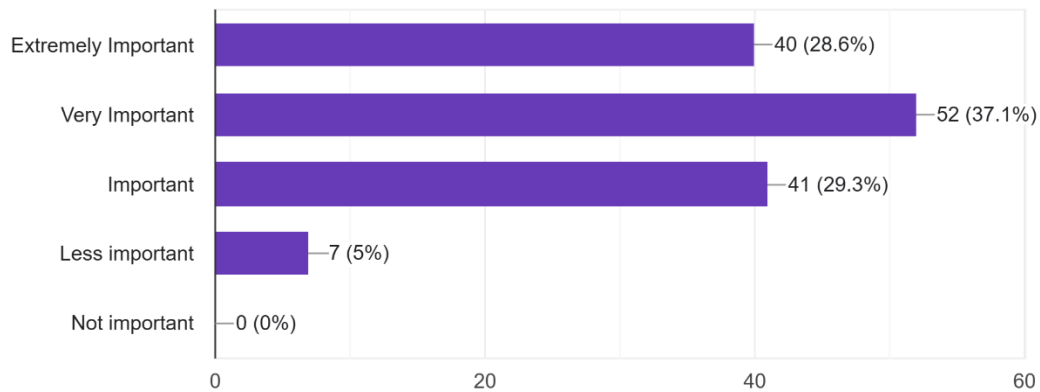
140 responses



BUILT ENVIRONMENT AND URBAN PLANNING

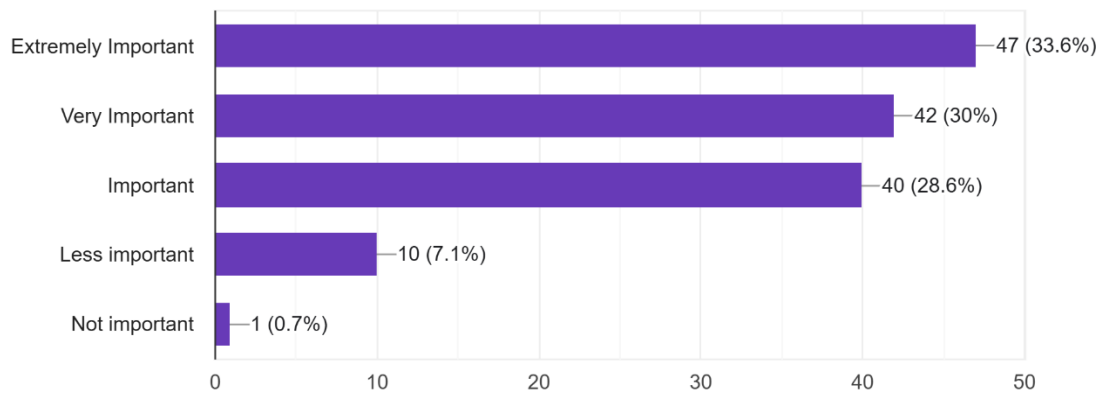
Property management

140 responses



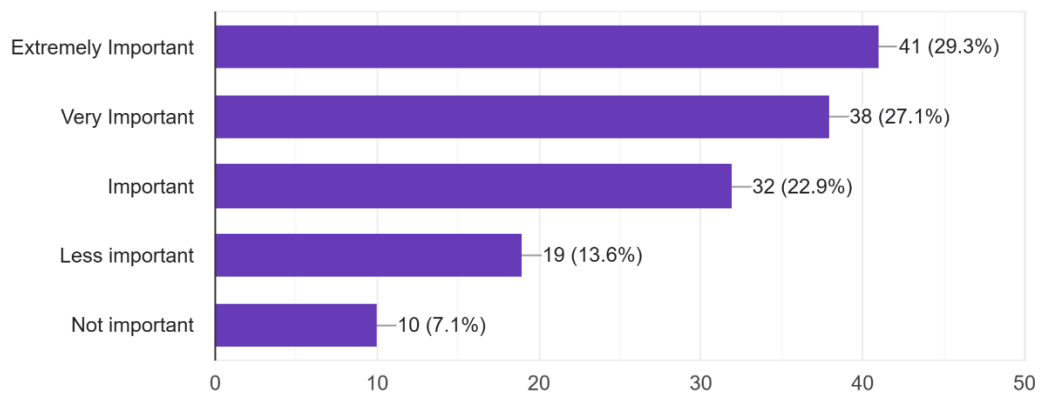
Land tenure security

140 responses



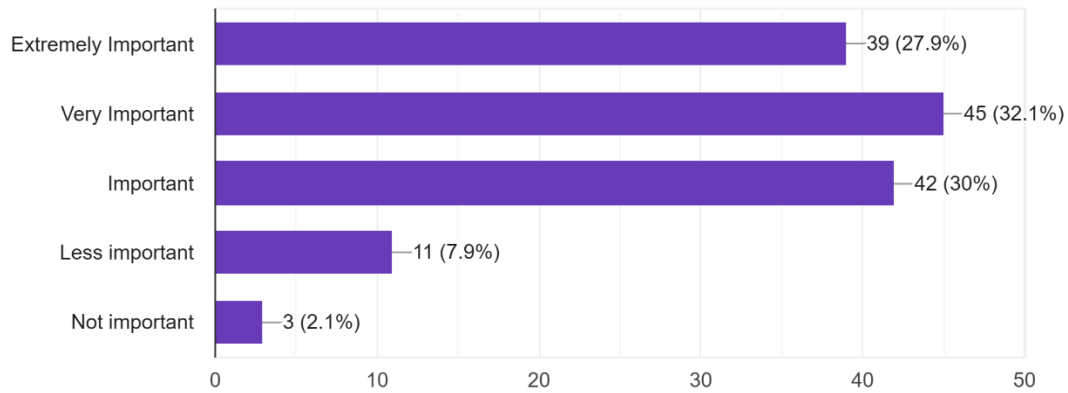
Quality and affordable housing for Nairobi residents

140 responses



Urban renewal

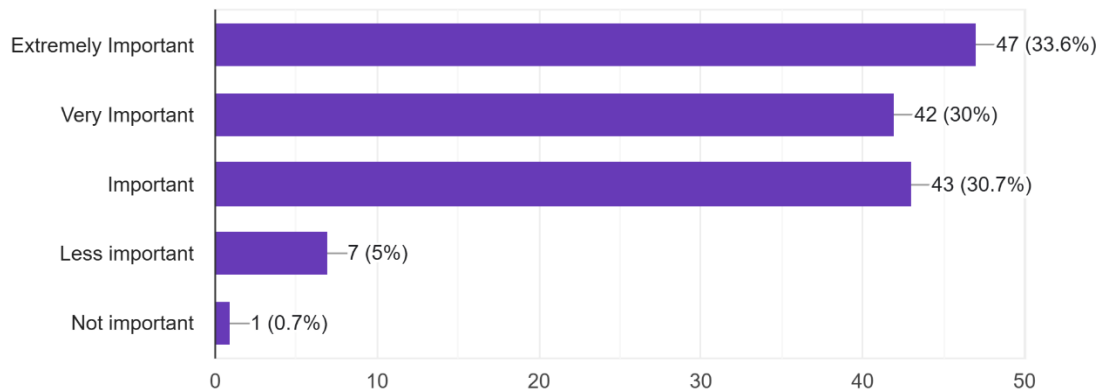
140 responses



INNOVATION AND DIGITAL ECONOMY

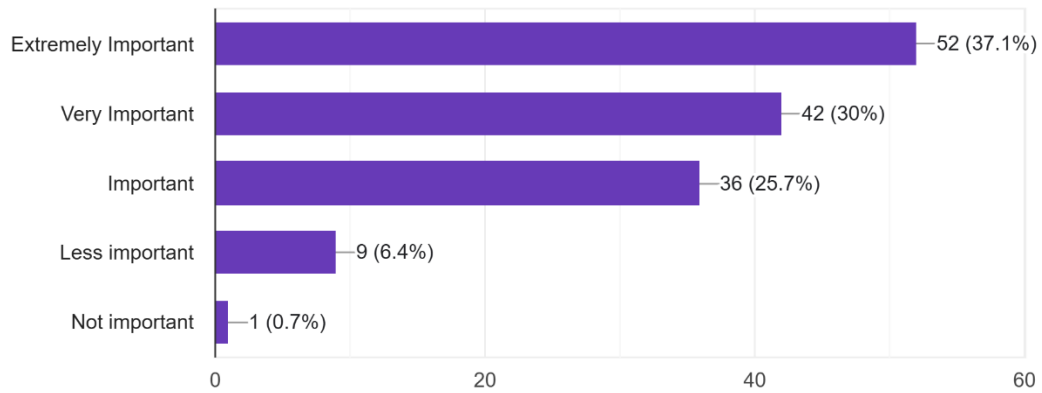
ICT infrastructure

140 responses



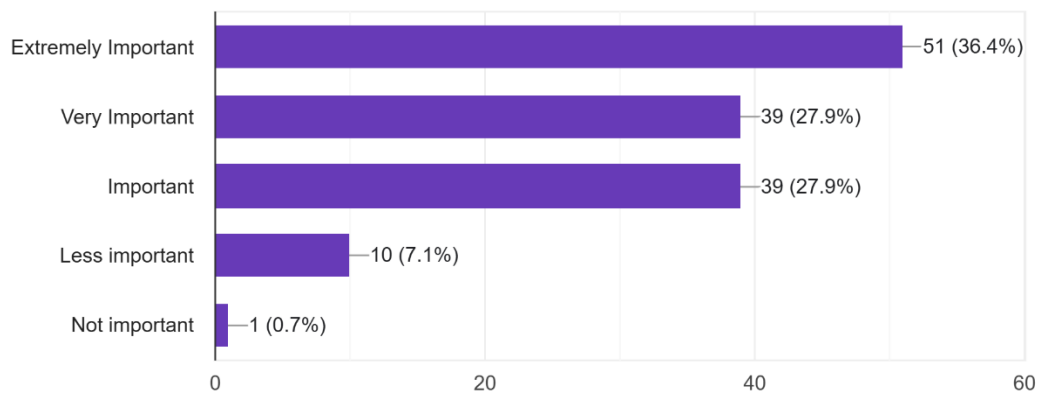
ICT connectivity

140 responses



Innovation

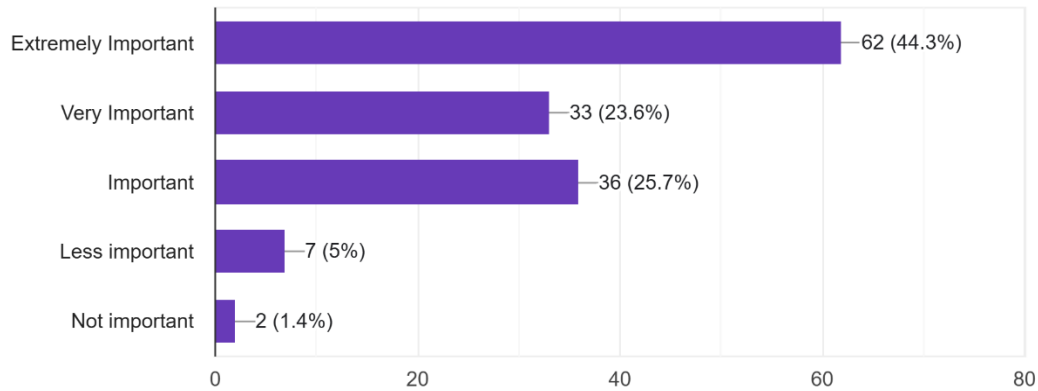
140 responses



FINANCE AND ECONOMIC PLANNING

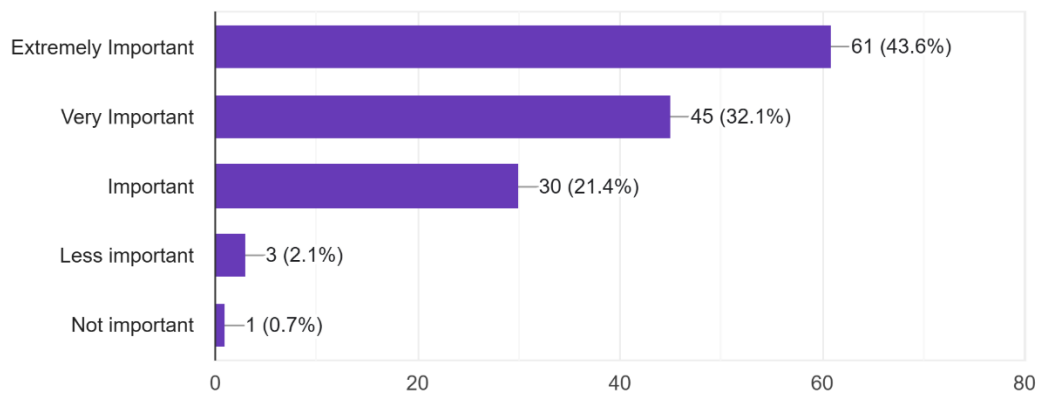
Revenue collection

140 responses



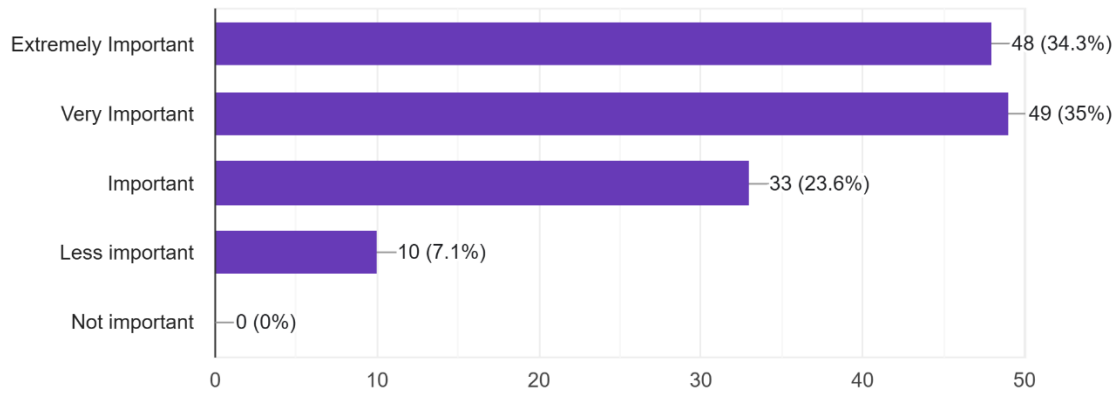
Ease of doing business

140 responses



Emergency fund

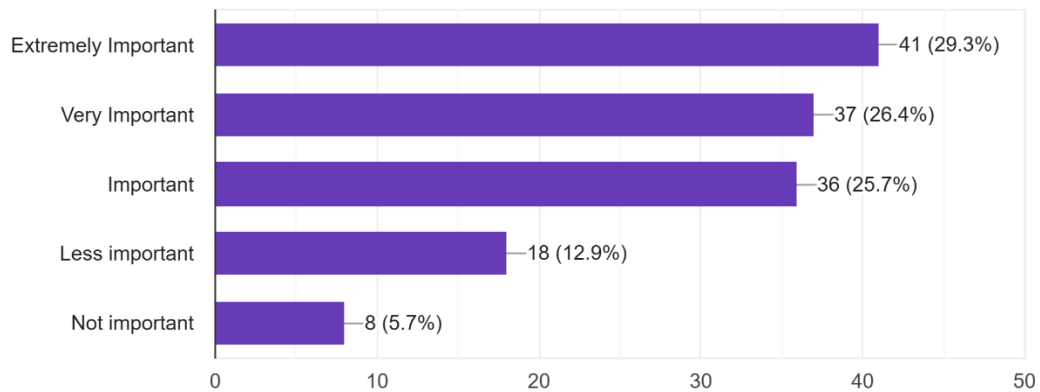
140 responses



BOROUGHES AND PERSONNEL ADMINISTRATION

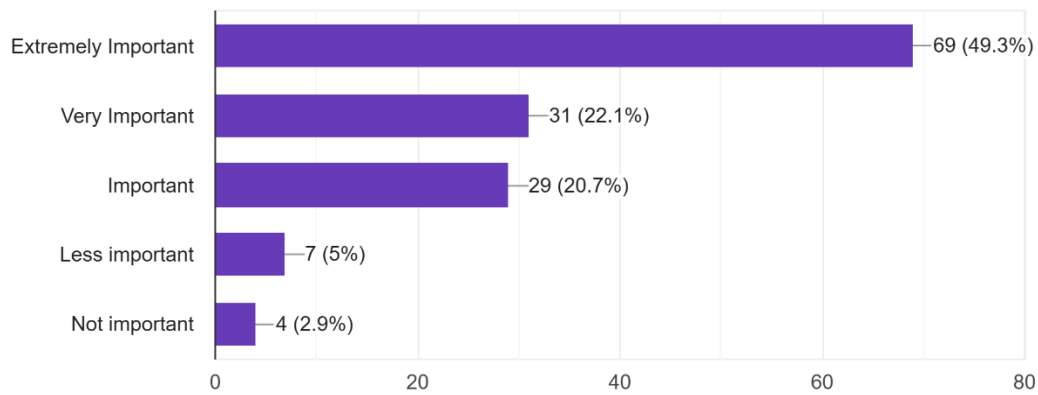
Construction of offices (Boroughs and Wards)

140 responses



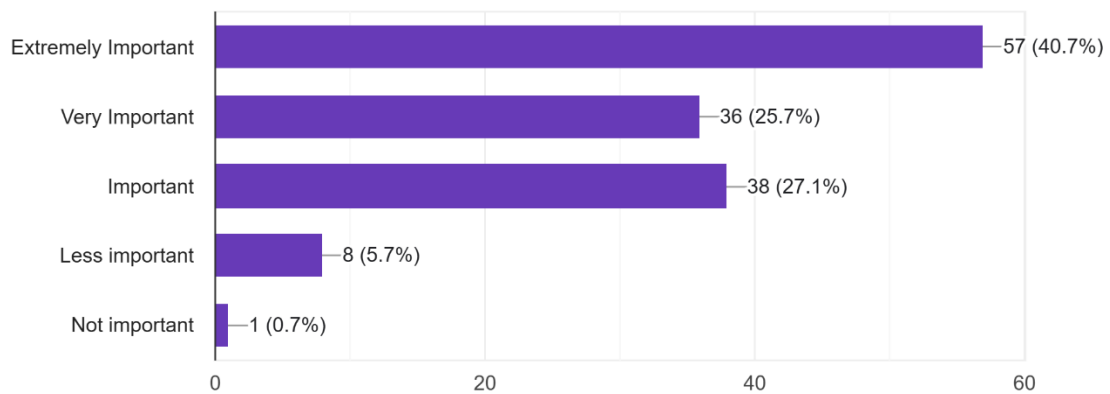
Disaster management

140 responses



Security enforcement and compliance

140 responses



ANNEX IV: CHILDREN VIEWS ON CFSP 2025 PRIORITIES

2763No. of children, between the ages of 5-17 years living in Nairobi County had an opportunity to share their views on what they want to be considered by the Nairobi County Executive Committee when finalizing the 2025 Nairobi County Fiscal Strategy Paper (CFSP) before the CFSP is submitted to the County Assembly. The priorities were across the sectors as follows;

Libraries, and learning resources	145 5	52.9 %
Educational materials e.g. Stationary	131 7	47.9 %
More teachers	129 2	47.0 %
Free education bursaries	125 7	45.7 %
School safety (fencing, street lights near schools)	125 1	45.5 %
Transport (school bus services)	112 7	41.0 %
Digital learning and technology	111 1	40.4 %
School infrastructure, and renovation	110 7	40.2 %
Scholarships financial aid	980	35.6 %
Furniture (desks, lockers)	978	35.6 %
Installation of electricity	959	34.9 %
Reintegration for dropouts (street children and young mothers)	944	34.3 %
School pavements	922	33.5 %
Medical personnel in schools	913	33.2 %
Special programs for vulnerable children (street children, and young mothers) in schools	907	33.0 %

HEALTH	Number of times the issue was raised	Percent
Access to medical health care, and first aid kits	1460	58.1 %

Medical personnel	1199	%
Constructions of hospitals and clinics	1074	42.7 %
Mental health support	975	38.8 %
Nutrition programs	973	38.7 %
Substance abuse support (rehabilitation for affected children)	932	37.1 %
Sanitary hygiene/toiletries	325	12.9 %
Maternal, and childcare	256	10.2 %

CHILD PROTECTION AND SOCIAL PROTECTION CONCERNS	Number of times the issue was raised	Percent
Security measures e.g. Police posts	1443	52.2 %
Fight against GBV e.g. Awareness, legal support	991	35.9 %
Social, and multipurpose halls e.g. spaces for community engagement	970	35.1 %
Child abuse and child labor	967	35.0 %
Street children integration e.g. Rescue programs, family reunification	966	35.0 %
Legal identity, and rights awareness e.g. Birth certificates, national IDs	954	34.5 %
Cyber bullying	948	34.3 %
Protection from police harassment e.g. Youth-friendly reporting mechanisms	946	34.2 %
Protection from city council arrests e.g. Advocacy for street children	943	34.1 %
Safe housing, and shelters	942	34.1 %
Housing, and shelter e.g. building homes for vulnerable children	941	34.1 %
Trained caregivers in the shelter homes	939	34.0 %
Community engagement e.g. Involvement in local projects	935	33.8 %
Youth leadership, and participation e.g. Student councils, child-led forums	934	33.8 %
Employment, and business support e.g. job creation, business carts	933	33.8 %

Clothing, and beddings e.g. shoes, clothes, blankets, uniform	931	%
Religious, and cultural inclusion e.g. Building churches and mosques	919	33.2 %
Food donations	901	32.6 %

SANITATION	Number of time the issue was raised	Percent
Public toilets e.g. Toilets in schools and public areas	1173	49.0 %
Hygiene facilities e.g. Handwashing stations, soap availability	1148	48.0 %
Waste management e.g. Cleaning dumpsites, proper garbage disposal	1089	45.5 %
Drainage, and sewer systems e.g. Fixing blocked sewer lines	1039	43.4 %
Cleaners	964	40.3 %

SPORTS& Recreation Activities	Number of times the issue was raised	Percent
Sports facilities e.g. training grounds, swimming pools	1414	57.1%
Equipment, and sport uniforms	1379	55.7%
Trained coaches	1024	41.3%
Sports tournaments	992	40.0%
Cultural, and artistic activities	945	38.2%