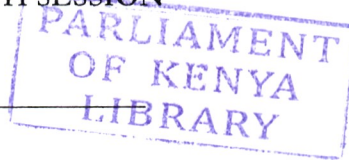


REPUBLIC OF KENYA



KENYA NATIONAL ASSEMBLY

TENTH PARLIAMENT – FOURTH SESSION



REPORT OF THE DEPARTMENTAL COMMITTEE ON LOCAL AUTHORITIES
ON THE ESTIMATES OF RECURRENT AND DEVELOPMENT EXPENDITURE
OF THE 2012/2013 FOR THE FOLOWING VOTES

VOTE 112 - MINISTRY OF LOCAL GOVERNMENT

VOTE 157 - MINISTRY OF NAIROBI METROPOLITAN DEVELOPMENT

CLERK'S CHAMBERS
NATIONAL ASSMBLY
NAIROBI

MAY 2012

PARLAMENT
By Hon. M-sireh
Mohamed
Alphon

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Annex 2: Minutes of the Committee meeting with the Ministry of Nairobi Metropolitan Development

PREFACE

Mr. Speaker Sir,

1. The Departmental Committee on Local Authorities (herein after referred to as 'the Committee') was established pursuant to provisions of Standing Order No. 198 and mandated to among other things, investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments.

The Committee executes its mandate in accordance with the provisions of Standing Order 198 (3), and is mandated to among others:

- i. investigate, inquire into and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and Departments;
 - ii. study the programme and policy objectives of the Ministries and Departments and the effectiveness of the implementation;
 - iii. study and review all legislation after First Reading subject to the exemptions under Standing Order 101 A (4);
 - iv. study and review all legislation referred to it;
 - v. study, assess and analyse the relative success of the Ministries and Departments as measured by the results obtained as compared with its stated objectives;
 - vi. investigate and inquire into all matters relating to the assigned Ministries and Departments as they may deem necessary, and as may be referred to them by the House or a Minister; and
 - vii. make reports and recommendations to the House as often as possible, including recommendations of proposed legislation.
- 2 The Committee is mandated to consider the following issues; policy matters of and related to local authorities.
 - 3 In execution of its mandate, the Committee oversees the following Ministries:
 - i. Ministry of Local Government
 - ii. Ministry of Nairobi Metropolitan Development;
 4. The Departmental Committee on Local Authorities comprises of the following Members:-
 - i. Hon. David Ngugi, M.P. - **Chairman**

- ii. Hon. Mohamed Sirat, M.P – **Vice Chairman**
- iii. Hon. Shakeel Shabir, M.P.
- iv. Hon. Fahim Twaha, M.P
- v. Hon. Joshua Kutuny, M.P.
- vi. Hon. Gideon Mung'aro, M.P.
- vii. Hon. Mwalimu Mwahima, M.P.
- viii. Hon. Gideon Konchella, M.P.
- ix. Hon. Zakayo Cheruiyot, MP
- x. Hon. Oyugi Magwanga, MP

Mr. Speaker Sir,

5 Pursuant to Standing Order 152, upon being laid before the National Assembly, the Estimates stand committed to the relevant Departmental Committee for examination. The Departmental Committee on Local Authorities examined the printed estimates of the following votes;

- i) Vote 112 - Ministry of Local Government
- ii) Vote 157 - Ministry of Nairobi Metropolitan Development

6. In considering the Estimates, the Committee held a total of three sittings. The Committee received a comprehensive brief from the Parliamentary Budget Office on the Estimates. The Committee later held meetings with the Assistant Minister for Local Government and the Permanent Secretaries from the respective ministries during which it received submissions, presentations and other reports. The minutes of these sittings are appended to this report.

7. **In examination of the Estimates, the Committee mainly dealt with the following issues:-**

- i. Total amount requested from the Exchequer for each of the two Ministries
- ii. Ministry's projects/programmes in the budget 2012/2013 FY and allocations to these projects/programmes
- iii. Ministries absorption capacity

- iv. Areas/projects/programmes left-out of the Estimates
- v. All development projects; new, on-going and stalled
- vi. Critical policy issues that the Ministries intend to achieve during the
Financial year 2012/2013
- vii. If the Ministry has other sources of funds e.g. Appropriation-In-Aid (A-I-A) or
funding from Development Partners
- viii. Performance and implementation status of projects/programmes in 2010/2011
budget
- ix. Other issues related to the estimates.

Mr. Speaker Sir,

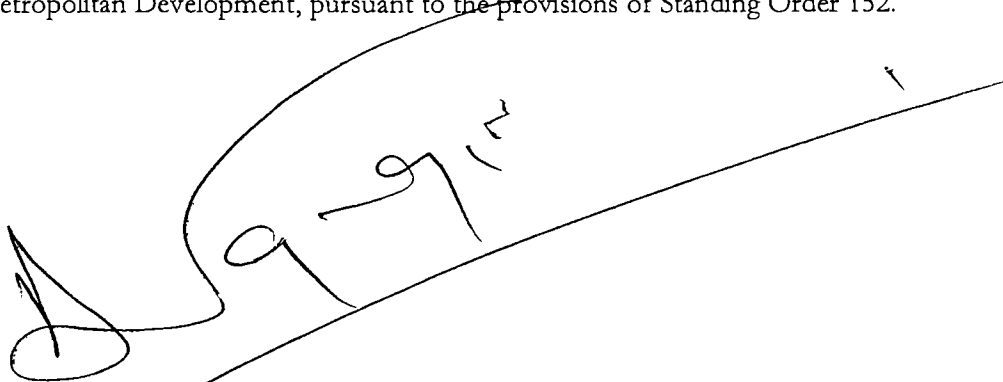
8. The Ministries of Local Government and Nairobi Metropolitan Development fall in the category of Physical Infrastructure Sector, a very critical sector to the socio-economic needs of Kenya. Infrastructure is a major contributor to the creation of a favourable environment for economic growth as it supports all other economic and social activities and is therefore critical to the achievement of Kenya's vision 2030. The demand for physical infrastructure and services which provides a facilitative role for other economic sectors as envisaged under Vision 2030 therefore requires massive investment

9. Acknowledgements

The Committee wishes to thank the Office of the Honourable Speaker and the Liaison Committee for the necessary support extended to it in the execution of its mandate as well as the Office of the Clerk for providing the necessary logistical and technical support. The Committee is also grateful to the Parliamentary Budget Office for the technical support provided.

The Committee further wishes to thank the Assistant Minister for Local Government, his Permanent Secretary, the Permanent Secretary in the Ministry of Nairobi Metropolitan Development and the Technical Staff of the two Ministries who appeared before the Committee, for providing the necessary information and responding to issues raised by Members during the examination of the 2012/2013 estimates.

On behalf of the Committee, I now wish to present to the House, the Report on the Examination of Votes: 112 – Ministry of Local Government, and 157 – Ministry of Nairobi Metropolitan Development, pursuant to the provisions of Standing Order 152.

A handwritten signature in black ink, appearing to read 'D. NGUGI', is written over a diagonal line that extends from the bottom left towards the top right of the page.

HON. DAVID NGUGI, MP,

CHAIRMAN, DEPARTMENTAL COMMITTEE ON LOCAL AUTHORITIES

MINISTRY OF LOCAL GOVERNMENT – VOTE 112

Mr. Speaker Sir,

Introduction

10. The Ministry of Local Government has a unique and key role following the promulgation of the Constitution of Kenya 2010 of facilitating and overseeing the devolution process in the country. Critical to this is establishment of the Transition Authority that will oversee transfer of functions between the national and county governments. Completion of ongoing projects and the ease of transition of programmes undertaken to the relevant county governments will be critical in the smooth switch to the devolved system of government.

The Ministry has a role of developing markets: wholesale hubs, retail markets, Fresh Produce Markets and Livestock markets among others which are a key infrastructure in the economic development of any country.

The Ministry in addition has a duty of ensuring local authorities have capacity to manage disasters within their jurisdictions especially fires. This is a critical role which has over the years been underfunded leaving the country in a state of despair when such disasters occur. Finally, the Ministry has a key role in urban planning and solid waste management in liason with other relevant government agencies.

The Ministry of Local Government has one programme component i.e. Local Authority Management and Development with the following sub-programmes;

- a) Market development
- b) Local Authority Management and Advisory Services
- c) Reform in Local Government.
- d) Urban and County Development.

11. Based on the submissions, presentations and evidence adduced, the Committee was concerned with the following programs in the **Ministry of Local Government – Vote 112:-**

- i) Disaster preparedness especially fire fighting capacity
- ii) Development of markets and stalled projects
- iii) Poor strategies for Solid waste management
- iv) Huge allocation for Domestic travel and hospitality

12. Highlights of the Ministry of Local Government's Budget

The Ministry was allocated **Kshs. 27.8 billion** for the 2012/13 financial year. This represents 1.9% of the total budget. The ministry had requested for **Kshs. 39.6 billion**, indicating that it has only been allocated 70.2% of their requirement.

The recurrent expenditure is projected to take 82% of the ministry's allocation amounting to **Kshs. 22.8 billion** while the development expenditure will take up **Kshs. 4.98 billion** which is 18% of the total allocation.

Table 1: Summary of Ministry's Budget for 2008/09 – 2012/13 (Kshs. Millions)

	Approved Gross Estimates				Resource Requirement	Gross Estimates
	2008/09	2009/10	2010/11	2011/12	2012/13	2012/13
Recurrent Expenditure	10,547.1	11,307.9	13,496.4	18,413.3	25,320.4	22,840
Development Expenditure	3,462.5	4,353.8	5,173.5	6,117.1	14,295	4,976.3
TOTAL EXPENDITURE	14,009.6	15,661.70	18,669.9	24,530.4	39,615.4	27,816.3

12.1. There has been a steady rise in the budget for the ministry in the past 5 years. For the FY2008/09, the ministry was allocated a total of **Kshs. 14 billion** while for the 2012/13 FY; this allocation increased to **Ksh. 27.8 billion**.

Recurrent Expenditure

12.2. Similarly, the recurrent expenditure has also increased. The allocation for FY 2011/12 was Kshs. 18.4 billion and has increased to **Kshs, 22.8 billion** for the 2012/13 FY. However, there has been a decrease in the amount for development expenditure. In the previous financial year 2011/12, it had been allocated **Kshs. 6.1 billion** but this has been reduced to **Kshs. 4.97 billion** in the 2012/13 budget.

12.3. Of the Recurrent Expenditure, Treasury allocated the Ministry only Ksh. 100 million for establishment of the Transitional Authority against a requirement of Ksh. 403 million.

- 12.4. The bulk of the funds allocated under Recurrent Expenditure i.e. Ksh. 21.5 billion would go towards Local Authorities Transfer Funds (LATF) leaving the Ministry with less than Ksh. 2 billion to fund other Recurrent Expenditure items yet funds required for rates alone totaled Ksh. 2.5 billion yet only Ksh. 500 million had been allocated for this.

Development Expenditure

- 12.5. The following are the programmes planned to be implemented under the Development Expenditure.

- a) Markets development at a cost of **Kshs 1.3billion**. Under this, completion of Economic Stimulus Program projects was provided with a funding of Kshs. 224,565,910. The Ministry plans to develop Market hubs, whole sale markets and retail markets across the country.
- b) The Ministry was allocated **Kshs 150 million** for disaster management against a requirement of **Kshs 400 million** submitted to treasury. The shortfall will negatively affect the overall disaster management given the escalating disasters and the incapacity of the ministry to handle them. The Ministry plans to purchase fire fighting vehicles and other equipments.
- c) **Construction of Roads**; the project was allocated **Kshs. 200 million** against its resource requirement of **Kshs 600 million**

13. Programs Underfunded by Treasury

The Assistant Minister explained that the following programs were critical to the socio-economic development of the country and yet had not allocated adequate funds from the Treasury:

1. Transition Authority

The Ministry made a request of **Kshs.403 million** to cater for the implementation of the devolved Government through the Transition Authority and inter-Ministerial transition committee activities. However, the allocation given is **Kshs.100 million** only leaving a deficit of **Kshs.303 million** hence it would be impossible to accomplish this task.

2. Contribution in Lieu of Rates (CILOR)

Many Ministries, Departments and other government agencies owe Local Authorities in the country an amount of **Kshs.2.6 billion**, based on confirmed dues. However, Treasury has only provided **Kshs.512 million** towards the payment of this debt.

It is worth noting that the same amount has been provided over the years as part of the Ministry's allocation yet the Ministry is just a clearing house for the pending debts owed to Local Authorities. The Ministry has pleaded with Treasury repeatedly to remove this item from its vote, but the item remains in its vote. The current deficit stands at **Kshs.2.2 billion** which should be provided for.

3. Contracted Markets

There are over 73 flagship markets awarded and contracts executed that require over **Kshs.2.7 billion** to complete. Some of these markets were meant to provide employment opportunities to the youth in areas that were badly affected by post-election violence that remain volatile. The Markets include, Wakulima Market in Nakuru, Kimumu Market in Eldoret, Jubilee Market in Kisumu, Daraja Mbili Market in Kisii, Kongowea in Mombasa, Karatina in Nyeri, Kakamega Market in Kakamega and others. Non-provision of the requisite funds will not only lead to stalling of the projects but also failure to address the issues of unemployed youth.

4. Livestock Markets

This program requires a total of **Kshs.1 billion** but this item has not been funded for the next financial year 2012/2013. The beneficiaries' areas include, Inungo, Njiru, Kamukuiywa, Tharaka, Isiolo, Kina, Mariakani, Mutha, Wajir, Eldoret, Garsen and Waldana. It is important to fund this initiative to enable the pastoralists improve their livelihoods and also reduce the negative effects of droughts.

5. Land

Acquisition of land for the purpose of developing solid waste management in major towns has not been successful. The Ministry has been unable to undertake development facilities in Nakuru which was anticipated to be funded by external donors.

Also affected are the cities of Mombasa and Nairobi where the solid waste management cannot be implemented due to concerns raised by aviation stakeholders such as the Kenya Airports Authority over the location of the land; land for Nairobi had been identified at Ruai.

It would be prudent to allocate the Ministry a minimum of **Kshs.500 million** to undertake solid waste management related activities in our towns which are facing increase in waste from increased population and industrial activity.

6. Pending bills

The Ministry has a number of pending bills in respect of various projects/programmes which have been undertaken totaling **Kshs.659 million**. These include:-

- Payment to Ongata Works in respect of construction of Muthurwa Hawkers Market, **Kshs.234 million**.
- Payment to Kenya Railways Pensioners' scheme in respect of purchase of a piece of Land for construction of access road to Muthurwa market, **kshs.225 million**.
- Construction of access road to Muthurwa Hawkers Market, **Kshs.200 million**.

It is important that Treasury allocates funds for this item to enable the Ministry to clear its debts.

7. Disaster Management

The Ministry requested **Kshs.400 million** towards disaster management, while the Treasury allocated the activity **Kshs.150 million**. These funds are used to purchase fire fighting vehicles and other equipments but what is allocated is far below the requirements as very few Local Authorities have the financial capacity to purchase firefighting equipment. The Ministry has a deficit of **Kshs.250, million**, for financial year 2012/2013 which should be considered for funding.

14. COMMITTEE RECOMMENDATIONS ON VOTE 112-MINISTRY OF LOCAL GOVERNMENT

The Committee recommends that Treasury allocates an additional **Kshs. 2.6 billion** to meet the expenditure of the following programs:

a) Transition Authority – Ksh. 200 million

The Committee recommends that Treasury allocates an additional Ksh. 200 million for the establishment and functioning of the Transitional Authority to facilitate devolution.

b) Disaster Management: Ksh. 250 million

This is because to enable the Ministry purchase fire equipment for distribution to the local authorities equitably to enhance the capacity of the country to deal with fire disasters

c) Pending bills – Ksh. 659 million

Treasury should allocate Ksh. 659 million to the Ministry to enable it settle its pending bills especially those related to development of Muthurwa market and acquisition of access land for development of roads to access the market.

d) Solid Waste Management – Ksh. 500 million

The Committee recommends a further allocation of Ksh. 500 million to the Ministry to enable it acquire land in Nairobi and Mombasa to develop in partnership with the private sector, solid waste management strategies.

e) Completion of contracted markets – Ksh. 1 billion

The Committee recommends that the Treasury allocates an additional Ksh. 1 billion to the Ministry to complete the markets that have already been contracted and are under development to prevent stalling of these projects.

MINISTRY OF NAIROBI METROPOLITAN DEVELOPMENT-VOTE 157

Introduction

15. The Nairobi Metropolitan Region covers 32,000 square kilometers, comprising of 15 independent Local Authorities as follows. Nairobi City Council; Municipal Councils of Kiambu, Limuru, Machakos, Mavoko, Ruiru, Thika; Town Councils of Kajiado, Karuri, Kikuyu, Tala/Kangundo and County Councils of Kiambu, Masaku, Olkejuado and Thika.
16. The creation of a Nairobi Metropolitan Region has been identified in the *Kenya Vision 2030* and the First Medium term as the key driver to economic and social development in the region. The Ministry was mandated to amongst others for the preparation and enforcement of an integrated spatial growth and development strategy and actualization of integrated strategic programmes for provision of social, economic and infrastructural services.
17. This recognizes that provision of better infrastructure is the key to the success our National development efforts. This includes well linked and serviced modern infrastructure in terms of roads, rail, Metros, by-passes, airports, affordable access to basic services such as education, health, water & sanitation, emergency services and reduced traffic congestion.
18. The Ministry has plans for the establishment of the following authorities to coordinate provision of the above services;
 - a) Nairobi Metropolitan Planning Authority; to coordinate planning activities within the metropolitan region
 - b) Nairobi Metropolitan Disaster Management Authority; to coordinate issues regarding disaster and rescue operations within the metropolitan region.
 - c) Nairobi Metropolitan Transport Authority; to advance issues of Traffic congestion.
19. Other proposals by the Ministry include;
 - a) Metro Local Authorities(MLA'S) should be funded properly to have functional and effective Fire Inspection Units to ensure compliance on safety regulations
 - b) The design of buildings should ensure ease of accessibility by fire fighting personnel.

Achievements of the Ministry in 2011/2012

20. In the Financial Year 2011/2012, the Ministry of Nairobi Metropolitan Development initiated various projects, programs and activities within the Nairobi Metro region among them the following:

- i) Nairobi Metropolitan Spatial Plan – This plan outlines the development and growth rates in the Nairobi Metropolitan region and outlines how preparation and enforcement of an integrated spatial growth and development strategic programs are undertaken.
- ii) Road construction and rehabilitation – The Ministry used part of its budgetary allocation to rehabilitate and provide missing road links aimed at decongestion, providing access and mobility within the metro region as follows:
 - Improvement and rehabilitation of Non-Motorised Transport Facility in Gikomba area
 - Rehabilitation of several roads in Nairobi's Industrial Area including Dunga, Mariakani, Kapiti and Dar-es-Salaam roads
 - Expanding and creating an inner lane at the Nyayo Stadium roundabout to facilitate smooth flow of traffic
 - Rehabilitation of Banana Ndenderu road.
- iii) Purchase of fire fighting engines and accessories – The Ministry procured and distributed 12 fire fighting engines and fire fighting accessories to the local authorities within its jurisdiction and a 56 metre aerial ladder for rescue operations to the Nairobi City Council
- iv) Improvement of Security – The Ministry procured 5 Nissan X-trails for use by police and distributed them to the following police stations: Central, Ongata Rongai, Ruiru, Athi River and Runda
- v) Street Lighting Services – The Ministry has installed street lighting along Mbagathi Way, Kapenguria Road and Garden/Balozi/Hard Rock road. The Ministry also installed flood lights in sections of informal settlements within Nairobi and lighting of selected alleys within the CBD to improve security in those areas.
- vi) Training of officers – The Ministry trained 39 fire fighting officers on servicing and maintenance of fire engines by the representatives of Rosenbauer International Corporation of Austria

Highlights of the Ministry of Nairobi Metropolitan Development for FY 2012/2013

21. For the 2012/2013 FY, the Ministry requested from Treasury an amount of **Ksh 6,984,098,523.29**; however, it was allocated only **Kshs. 2,371,570,000** in the printed estimates. Of this, **Kshs.360, 570,000** is for recurrent expenditure and **Kshs 2,011,000,000** is for Development expenditure. The Ministry is expected to raise an Appropriation-In-Aid (AIA) of **Kshs 1,000,000** from sale of documents.
22. The ministry therefore has a budgetary deficit of **Kshs 4,612,528,523.29** of which **Kshs 1,755,575,668.29** is for the ongoing projects and installation of Urban Surveillance Television System (CCTV). Other projects underfunded include;
- Metropolitan Road construction and rehabilitation:- **Ksh. 850,575,668.29**
 - Street lighting programmes :--- **Ksh.200,000,000**
 - Metropolitan planning/Aerial Mapping and surveillance:----- **Ksh. 205,000,000**
 - Installation of Urban Surveillance Television System**Khs 500, 000,000.00**
23. Treasury should allocate an additional funding of **Khs, 1, 755,575,668.00**, to bridge the deficit to cater for on-going projects and installation of CCTV as illustrated above.

Underfunded Projects of the Ministry

Out of the above deficit, **Ksh. 705,000,000** had been budgeted for ongoing development projects which projects could stall if no funds are allocated and **Ksh. 500,000,000** had been requested for installation of Urban Surveillance Television System (CCTV) which Treasury did not allocate any funds to. The CCTV is important as it would improve the security within the metropolitan region and therefore spur economic growth. The CCTV is useful as it would ensure connectivity of traffic lights within the city and therefore contribute to the smooth flow of traffic in the city and its environs.

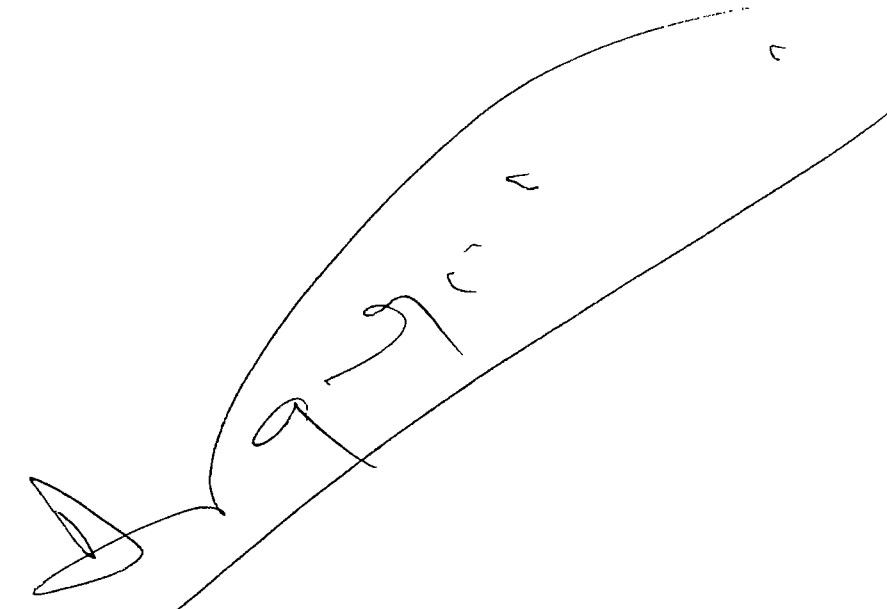
The budget of **Ksh. 705,000,00** for ongoing development projects to which Treasury did not allocate any funds was meant for the following:

Street lighting	-	-	Ksh.300, 000,000
Metropolitan Planning	-	-	Ksh.205, 000,000
Fire Fighting vehicles	-	-	Ksh. 200,000,000

24. COMMITTEE RECOMMENDATION ON VOTE 157-MINISTRY OF NAIROBI METROPOLITAN DEVELOPMENT

The Committee recommends that Treasury allocates an additional **Ksh. 1.25 billion** to the Ministry of Nairobi Metropolitan Development to go towards meeting the following expenditure items:

- a) Installation of the Urban Surveillance Television System - (CCTV) Ksh. 500,000,000
- b) Purchase of Fire Fighting vehicles - Ksh. 200,000,000
- c) Street lighting - - Ksh.300, 000,000
- d) Metropolitan Planning - Ksh.205, 000,000



HON. DAVID NGUGI, MP,
CHAIRMAN, DEPARTMENTAL COMMITTEE ON LOCAL AUTHORITIES

MINUTES OF THE 59TH SITTING OF THE DEPARTMENTAL COMMITTEE ON LOCAL AUTHORITIES HELD ON WEDNESDAY 16TH MAY, 2012 IN THE MAIN CONFERENCE ROOM, 1ST FLOOR, COUNTY HALL AT 1.00 PM.

PRESENT

Hon. David Ngugi, MP - Chairman
Hon. Joshua Kutuny, MP
Hon. Gideon Konchella, MP
Hon. Fahim Twaha, MP
Hon. Oyugi Magwanga, MP
Hon. Zakayo Cheruiyot, MP

ABSENT WITH APOLOGY

Hon. Mohamud Sirat, MP - Vice-Chairman
Hon. Masoud Mwahima, MP
Hon. Shakeel Shabbir, MP
Hon. Gideon Mung'aro, MP

IN ATTENDANCE

National Assembly.

Mr. Edward Libendi - Clerk Assistant
Mr. Shadrack Makokha - Parliamentary Intern.

MIN. NO. /SC2/258/2012: AGENDA

The Committee adopted the agenda of the meeting which was as follows:

- i) Confirmation of Minutes of the Previous Sittings
- ii) Confirmation of the Report of the Committee on the Annual Estimates

iii) A.O.B.

MIN. NO. /SC2/259/2012: - Preliminaries

The Chairman called the meeting to order at 2.00 pm and opened the meeting with a word of prayer.

MIN. NO. /SC2/260/2012: - Confirmation of Minutes of the Previous Sittings.

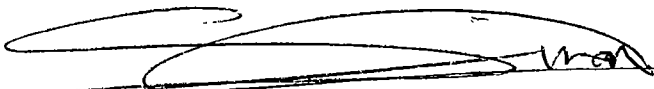
The Minutes of the 57th and 58th Sittings were read and confirmed as a true record of the proceedings at the meetings and signed by the Chairman

MIN. NO. /SC2/261/2012: Confirmation of the report of the Committee

The Chairman took the Members through the report of the Committee on the Annual Estimates of Revenue and Expenditure for the Ministries of Local Government and Nairobi Metropolitan Development and the Members approved the report without any amendments.

MIN. NO. /SC2/262 /2012: Adjournment

There being no other business the meeting was adjourned at Half past Two O'clock.

SIGNATURE.....

Vice (Chairperson)

DATE 17 / 5 / 2012 .

MINUTES OF THE 58TH SITTING OF THE DEPARTMENTAL COMMITTEE ON
LOCAL AUTHORITIES HELD ON WEDNESDAY 9TH MAY, 2012 IN COMMITTEE
ROOM 7, MAIN PARLIAMENT BUILDINGS AT 12.50 PM.

PRESENT

Hon. Joshua Kutuny, MP - Ag. Chairman
Hon. Fahim Twaha, MP
Hon. Oyugi Magwanga, MP
Hon. Zakayo Cheruiyot, MP

ABSENT WITH APOLOGY

Hon. David Ngugi, MP - Chairman
Hon. Mohamud Sirat, MP - Vice-Chairman
Hon. Masoud Mwahima, MP
Hon. Gideon Konchella, MP
Hon. Shakeel Shabbir, MP
Hon. Gideon Mung'aro, MP

IN ATTENDANCE

National Assembly.

- a) Mr. Edward Libendi - Clerk Assistant
- b) Mr. Benjamin Ngimor - Fiscal Analyst, Budget Office.
- c) Mr. Shadrack Makokha - Parliamentary Intern.

Ministry of Nairobi Metropolitan Development

- a) Mr. Philip Onyango Sika - Permanent Secretary
- b) Mr. Osano Nyang'ira
- c) Eng. John Maina

d) Peter M Kibinda.

MIN. NO. /SC2/253/2012: AGENDA

The Committee adopted the agenda of the meeting which was as follows:

- i) Meeting with the Minister for Nairobi Metropolitan Development over the Annual Estimates
- ii) A.O.B.

MIN. NO. /SC2/254/2012: - Preliminaries

The Acting Chairman called the meeting to order at 12.50 pm and opened the meeting with a word of prayer. He introduced the members present, welcomed the Ministry officials to the meeting and invited the Permanent Secretary (PS) to introduce his officers. He explained that the Committee had invited the Ministry in order to examine the Ministry's Annual Estimates pursuant to Standing Order 152 of the National Assembly. He then invited the PS to present the Ministry's Annual Estimates for the financial year (FY) 2012/2013, specifying its allocations, achievements, absorption rate of funds, challenges and projected plans.

MIN. NO. /SC2/255/2012: - Presentation by the Ministry.

1. The Nairobi Metropolitan Region extends 32,000 square kilometers, comprising of 15 independent Local Authorities as follows. Nairobi City Council; Municipal Councils of Kiambu, Limuru, Machakos, Mavoko, Ruiru, Thika; Town Councils of Kajiado, Karuri, Kikuyu, Tala/Kangundo and County Councils of Kiambu, Masaku, Olkejuado and Thika.
2. In transforming the Nairobi City and indeed the Metropolitan Region into World Class Metropolis, the Ministry had developed a Spatial Development Plan (SDP) that would assist the Government to plan, develop, operate and manage the region.
3. The Ministry requested from Treasury an amount of **Ksh 6,984, 098,523.29**; however, it was allocated only Kshs. **2,371,570,000** in the printed estimates. Of this, **Kshs.360, 570,000** is for recurrent expenditure and **Kshs 2,011,000,000** is for Development expenditure. The Ministry is expected to raise an Appropriation-In-Aid (AIA) of Kshs 1,000,000 from sale of documents.
4. The ministry has a budgetary deficit of **Kshs 4,612,528,523.29** of which **Kshs 1,755,575,668.29** is for the ongoing projects and installation of Urban Surveillance Television System (CCTV). Other projects underfunded include;
 - Metropolitan Road construction and rehabilitation:- Ksh. 850,575,668.29

- Street lighting programmes :--- Ksh.200,000,000
 - Metropolitan planning/Aerial Mapping and surveillance:----- Ksh. 205,000,000
5. The Minister tabled a detailed breakdown of the Ministry's allocations.
 6. The Ministry acknowledged provision of basic infrastructure as key to development efforts of the Nairobi Metropolitan area which the Ministry plans to enhance. Further, the Ministry proposed the establishment of the following authorities to coordinate provision of the services;
 - a) Nairobi Metropolitan Planning Authority; to coordinate planning activities within the metropolitan region
 - b) Nairobi Metropolitan Disaster Management Authority; to coordinate issues regarding disaster and rescue operations within the metropolitan region.
 - c) Nairobi Metropolitan Transport Authority; to advance issues of Traffic congestion.
 7. Other recommendations by the Ministry include;
 - a) Metro Local Authorities(MLA'S) should be funded properly to have functional and effective Fire Inspection Units to ensure compliance on safety regulations
 - b) The design of buildings should ensure ease of accessibility by fire fighting personnel.
 8. Treasury should provide urgently an additional funding of **Kshs. 1,205,000,000** to bridge the deficit to cater for on-going projects and installation of CCTV.
 9. That the Ministry is in the process of doing aerial mapping and surveying of all properties within the metropolis in order to formulate an integrated plan for the whole metropolis.
 10. The Ministry has completed development of a spatial plan and is now establishing how to operationalize it.
 11. The Ministry has acquired fire fighting vehicles and equipment and distributed them to all the Local Authorities within its jurisdiction to enhance their capacities to deal with fire disasters. The Ministry is now in the process of acquiring all terrain vehicles that can easily access slums in case fires occur there.

MIN. NO. /SC2/256/2012: Intervention by the committee and the Ministry's response

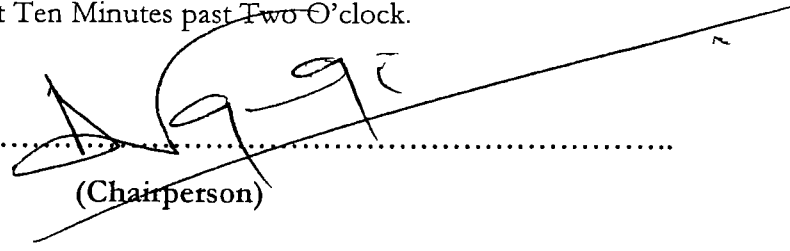
1. The committee sought clarification on whether; the ministry had absorbed all funds allocated in the previous financial year. The ministry responded that in the last Financial Year, the absorption rate of the ministry had been 100% and there were in fact on-going projects which had been suspended.
2. The committee was concerned that less amount had been allocated to disaster management and in particular fire fighting. In response, the Ministry confirmed that the amount allocated was less yet they were facing fire fighting challenges such as lack of fire engines and competent personnel noting that most of fire fighters were too old to fight fire(40years old and above). The committee recommended additional allocation to the sector.
3. The committee raised concern over increments on certain vote heads especially domestic travel, hospitality and planning compared with the previous Financial Year. In response, the Ministry indicated that due to its mandate as a coordination ministry, it holds a number of meetings with various agencies and ministries and its officers travel a lot within the metropolis thus the increase in the vote for domestic travel and hospitality.
4. The committee raised concern on what the Ministry was doing to maintain roads currently in bad conditions within the Nairobi metropolis, ease traffic congestions, waste management and slum upgrading. In response the Ministry confirmed that several roads are being repaired or developed across the city by various government agencies but that the mandate of the ministry is strictly development of new strategic roads. The Permanent Secretary gave the following as examples of roads the ministry had done or was doing:
 - a) Expansion of Bunyala Road all the way to Commercial Street
 - b) Development of road in Garden Estate crossing over to Kiambu Road and NSIS
 - c) Jericho to Metropolitan Hospital all the way to Buruburu
 - d) Developing missing link between Ndenderu and Banana
 - e) Road projects in Gikomba due to start in two weeks time

MIN. NO. /SC2/ /2012: Any Other Business and Adjournment

The Acting Chairman thanked the Permanent Secretary (PS) for an elaborate presentation and requested the Ministry officials to present to the Committee a detailed summary on their priority

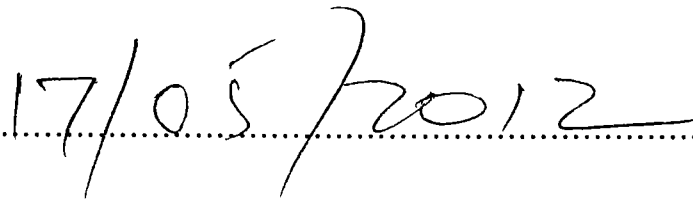
programs which they needed more funds. He further requested the Ministry to involve the committee more in its activities in order to enhance service delivery by the Ministry. The Permanent Secretary also thanked the Committee for the support they had accorded the ministry so far and promised to send the required information by the end of the day. There being no other business the meeting was adjourned at Ten Minutes past Two O'clock.

SIGNATURE.....

A handwritten signature in black ink, appearing to be 'A. G. G.', written over a dotted line. A long diagonal line is drawn across the signature from the top right towards the bottom left.

(Chairperson)

DATE

A handwritten date '17/05/2012' written in black ink over a dotted line.

MINUTES OF THE 57TH SITTING OF THE DEPARTMENTAL COMMITTEE ON
LOCAL AUTHORITIES HELD ON WEDNESDAY 9TH MAY, 2012 IN COMMITTEE
ROOM 7, MAIN PARLIAMENT BUILDINGS AT 11.00 AM.

PRESENT

Hon. Joshua Kutuny, MP - Ag. Chairman
Hon. Fahim Twaha, MP
Hon. Oyugi Magwanga, MP
Hon. Zakayo Cheruiyot, MP

ABSENT WITH APOLOGY

Hon. David Ngugi, MP - Chairman
Hon. Mohamud Sirat, MP - Vice-Chairman
Hon. Masoud Mwachima, MP
Hon. Gideon Konchella, MP
Hon. Shakeel Shabbir, MP
Hon. Gideon Mung'aro, MP

IN ATTENDANCE

National Assembly.

a) Mr. Edward Libendi - Clerk Assistant
b) Mr. Benjamin Ngimor - Fiscal Analyst, Budget Office.
c) Mr. Shadrack Makokha - Parliamentary Intern.

Ministry of Local Government

a) Hon. Lewis Nguyai, MP - Assistant Minister.
b) Prof. Karega Mutahi - Permanent Secretary.

MIN. NO./SC2/247/2012: ADOPTION OF AGENDA

Members adopted the agenda of the Meeting as follows:

- i) Meeting with the Minister for Local Government over the Annual Estimates of Revenue and Expenditure for FY 2012/2013
- ii) A.O.B.

MIN. NO. /SC2/248/2012: - Preliminaries

The Acting Chairman called the meeting to order at 11.00 am and opened it with a word of prayer. He introduced the Members present and invited the Assistant Minister for Local Government to introduce officers from the Ministry. He explained that the Committee had invited the Ministry in order to examine the Ministry's Annual Estimates pursuant to Standing Order 152 of the National Assembly. He then invited the Minister to present the Ministry's Annual Estimates for the financial year (FY) 2012/2013, specifying its achievements, challenges and projected plans.

MIN. NO. /SC2/249/2012: - Presentation by the Ministry

The Assistant Minister explained briefly the mandate of the ministry before inviting the Permanent Secretary (PS) to take the Members through the Estimates of the Ministry for 2012/2013. The PS explained as follows:

1. That the Ministry has a resource requirement which it submitted to Treasury amounting to **Kshs 39,615 billion** but Treasury only allocated them **Ksh 27.8 billion** which would affect its operations as the Ministry would not be able to meet its targets under the performance contract.
2. That of the amount allocated by the Treasury above, **Ksh. 22.8 billion** would go towards meeting the recurrent expenditure while **Kshs. 4.97 billion** towards development expenditure.
3. The Ministry has one programme component i.e. Local Authority Management and Development with the following sub-programmes;
 - a) Market development
 - b) Local Authority Management and Advisory Services
 - c) Reform in Local Government.
 - d) Urban and County Development.

4. The following are the programmes planned to be implemented under the Recurrent Expenditure

Category	Amount (Ksh. Millions)
Compensation to employees	220.9
Use of goods and Services	844.3
Transfers	21,758
Acquisition of Capital (Non-Financial Assets)	16.7
Total	22,840

- a) That the Treasury had allocated the Ministry only Ksh. 100 million for establishment of the Transitional Authority against a requirement of Ksh. 403 million.
- b) That the bulk of the funds allocated under Recurrent Expenditure i.e. Ksh. 21.5 billion would go towards Local Authorities Transfer Funds (LATF) leaving the Ministry with less than Ksh. 2 billion to fund other Recurrent Expenditure items yet funds required for rates alone totaled Ksh. 2.5 billion yet only Ksh. 500 million had been allocated for this.
5. The following are the programmes planned to be implemented under the Development Expenditure.
- a) Markets development at a cost of Kshs 1.3billion. Under this, completion of Economic Stimulus Program projects was provided with a funding of Kshs. 224,565,910. The Ministry plans to develop Market hubs, whole sale markets and retail markets across the country.
- b) The Ministry was allocated Kshs 150m for disaster management against a requirement of Kshs 400m submitted to treasury. The shortfall will negatively affect the overall disaster management given the escalating disasters and the incapacity of the ministry to handle them. The Ministry plans to purchase fire fighting vehicles and other equipments.
- c) **Construction of Roads**; the project was allocated Kshs. 200m against it resource requirement of Kshs 600m

MIN. NO. /SC2/250/2012 - Intervention by the committee and the Ministry's response.

Intervention by Members

- a) The Ministry should explain why the huge allocation towards domestic travel

- b) Why the list of markets submitted by the Ministry is skewed and not distributed equitably in the country and why the Ministry had not opened the markets which had been developed under the ESP programme.
- c) The ministry to clarify which studies are being undertaken by the Ministry to justify the increased allocation to research and feasibility studies
- d) The Minister to explain the absorption rate of allocated funds by the Ministry and what projects it undertook with funds allocated the previous year.

Response by Ministry

1. The Minister conceded that there was skewed distribution in terms of market development and assured the Committee that in the next phase, the regions that had not received adequate allocation would be considered. The Ministry also promised to officially open all markets constructed under the ESP.
2. On the votes that had been increased substantially compared to the last financial year i.e. Hospitality supplies services and Domestic Travel and subsistence, the Minister acknowledged the increase but noted that due to implementation of devolution, it was projected that there will be increased travel to counties.

MIN. NO. /SC2/251/2012 - Programs Underfunded or not funded by Treasury

1. Transition Authority

The Ministry made a request of **Kshs.403 million** to cater for the implementation of the devolved Government through the Transition Authority and inter-Ministerial transition committee activities. However, the allocation given is **Kshs.100 million** only. This means that the Ministry will have a deficit of **Kshs.303 million**; hence it would be impossible to accomplish this task. We appeal for a specific allocation to the Transition Authority.

2. Contribution in Lieu of Rates (CILOR)

Many Ministries, Departments and other government agencies owe Local Authorities an amount of **Kshs.2.6 billion**, based on confirmed dues. However, Treasury has only provided **Kshs.512 million** towards the payment of this debt. It is worth noting that the same amount has been provided over the years as part of the Ministry's allocation yet the Ministry is just a clearing house for the pending debts owed to Local Authorities. The Ministry has pleaded with Treasury repeatedly to remove this item from its vote, but the item remains in our vote. The current deficit stands at **Kshs.2.2 billion**.

3. Contracted Markets

There are over 73 flagship markets awarded and contracts executed that require over **Kshs.2.7 billion** to complete. Though there have been discussions and correspondences with Treasury on this, the funds are not factored in the printed estimates. Some of these markets were meant to provide employment opportunities to the youth in areas that were badly affected by post-election violence that remain volatile. The Markets include, Wakulima Market in Nakuru, Kimumu Market in Eldoret, Jubilee Market in Kisumu, Daraja Mbili Market in Kisii, Kongowea in Mombasa, Karatina in Nyeri, Kakamega Market in Kakamega and others. Non-provision of the requisite funds will not only lead to stalling of the projects but also failure to address the issues of unemployed youth.

4. Livestock Markets

This requires a total of **Kshs.1 billion** but this item has not been funded for the next financial year 2012/2013. The beneficiaries areas include, Inungo, Njiru, Kamukuiywa, Tharaka, Isiolo, Kina, Mariakani, Mutha, Wajir, Eldoret, Garsen and Waldana. It is important to fund this initiative to enable the pastoralists improve their livelihoods and also reduce the negative effects of droughts.

5. Land

Acquisition of land for the purpose of developing solid waste management in major towns has not been successful. The Ministry has been unable to undertake development facilities in Nakuru which was anticipated to be funded by external donors. Also affected are the cities of Mombasa and Nairobi where the solid waste management cannot be implemented due to concerns raised by aviation stakeholders such as the Kenya Airports Authority over the location of the land; land for Nairobi had been identified at Ruai. It would be prudent to allocate the Ministry a minimum of **Kshs.500 million** to undertake solid waste management related activities in our towns which are facing increase in waste from increased population and industrial activity.

6. Pending bills

The Ministry has a number of pending bills in respect of various projects/programmes totalling **Kshs.659 million**. These include:-

- Payment to Ongata Works in respect of construction of Muthurwa Hawkers Market, **Kshs.234 million**.
- Payment to Kenya Railways Pensioners' scheme in respect of purchase of a piece of Land for construction of access road to Muthurwa market, **kshs.225 million**.
- Construction of access road to Muthurwa Hawkers Market, **Kshs.200 million**.

We need funds to clear these obligations.

7. Disaster Management

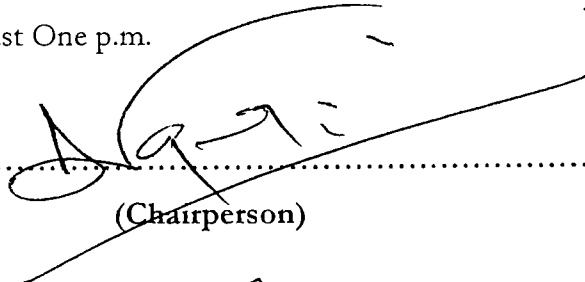
The financial requisition raised for this activity was **Kshs.400 million**, while the allocation provided is **Kshs.150 million**. These funds are used to purchase fire fighting vehicles and other equipments but what is allocated is far below our requirements as very few Local Authorities have the financial capacity to purchase firefighting equipment. The Ministry will have a deficit of **Kshs.250, million**, for financial year 2012/2013 which should be considered for funding.

MIN. NO. /SC2/252 /2012: -

Any Other Business and Adjournment

The committee directed the Minister to provide a summary of priority project areas that it felt had been underfunded and their justification to the Committee before the Committee prepares its report which the minister promised to submit. There being no other business the meeting was adjourned at Forty Five Minutes past One p.m.

SIGNATURE.....



(Chairperson)

DATE.....

17/05/2012