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KENYA NATIONAL ASSEMBLY
TENTH PARLIAMENT – THIRD SESSION (2009)

DEPARTMENTAL COMMITTEE ON LOCAL AUTHORITIES

REPORT ON THE SCRUTINY OF ANNUAL ESTIMATES FOR THE FY 2009/2010

FOR

- 1. VOTE 12** – OFFICE OF THE DEPUTY PRIME MINISTER & MINISTRY OF LOCAL GOVERNMENT
- 2. VOTE 57** – MINISTRY OF NAIROBI METROPOLITAN DEVELOPMENT

Clerks Chambers
Kenya National Assembly
Nairobi

July 2009

1.0 PREFACE

Mr. Speaker Sir,

1.1 On behalf of Members of the Departmental Committee on Local Authorities, I am honoured to present to the House the Committee's Report on the Scrutiny of Annual Estimates for the Financial Year 2009/2010 for Votes – 12 and 57 pursuant to provision of Standing Order No. 152 (1) and (2).

1.2 MANDATE OF THE COMMITTEE

1.2.1 The Departmental Committee on Local Authorities was established pursuant to provisions of Standing Order No. 198 (2) and (3) with the following terms of reference: -

- a) to investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
- b) to study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;
- c) to study and review all legislation referred to it;
- d) to study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
- e) to 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
- f) to make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

1.2.2 The Committee is mandated to consider:-

- Policy matters of and related to Local Authorities,
- Administration of Local Authorities
- All other issues related to Local Authorities

Mr. Speaker Sir,

1.3 Oversight

In executing its mandate, The Committee oversees the following Government Ministries; namely: -

- 1.3.1 Office of the Deputy Prime Minister and Ministry of Local Government– **vote 12;**
- 1.3.2 Ministry of Nairobi Metropolitan Development – **vote 5**

1.4 Committee composition

The Departmental Committee on Local Authorities was constituted on June 17th 2009 and its membership is as follows:-

1. Hon. Ahmed Shakeel Shabbir, M.P -----Chairman
2. Hon. Mwalimu Mwahima, M.P.
3. Hon. Joshua Kutuny, M.P.
4. Hon. Stanley Githunguri, M.P.
5. Hon. Gideon Konchella, M.P.
6. Hon. Fahim Twaha, M.P.
7. Hon. Mohammed H. Gabow, M.P.
8. Hon. David Ngugi, M.P.
9. Hon. Maitha Gideon Mungaro, M.P.

Mr. Speaker Sir,

1.5 Committee undertakings and submission gathering

1.5.1 Upon its appointment, the Committee met on 24th June 2009 and elected Hon Ahmed Shakeel Shabbir as the Chairman and Hon. David Ngugi as the vice-chairman. The first task for the Committee was to examine the Financial Estimates for its respective Ministries as the same had been laid in the House on 10th June 2009.

1.5.2 The Committee first held a meeting with the officers from the Budget office wherein the issues that were to be raised with the Ministers were identified. Thereafter the Committee held meetings with the Deputy Prime Minister and Minister for Local Government and his officers and then with the Minister for Nairobi Metropolitan Development. The minutes of these meetings are attached herewith.

1.5.3. The Committee received submission, presentations and other reports from the two Ministries as below:-

Mr. Speaker Sir,

1.5.4 Received submission from:-

Deputy Prime Minister and Minister for Local Government and his Permanent Secretary. They were accompanied by:-

Mr. S.M. Mangale

Principal Human Resource Manager

Mr. E.M. Onyango

Director- Urban Development

Mr. Mutua P. Nzioka

Director- Markets

Mrs. A.A. Hongo

Coordinator-Local Govt. Reform Programme

Mr. R.K.Rotich	Senior Deputy Secretary
Mr.H.S.Chavera	Chief Finance Officer
Mrs.Ruth M. Kiiru	Director- Local Authorities
Mr. Nyamasyo Ndola	Budget Officer-Treasury

1.5.4.1 Minister and Permanent Secretary, Ministry of Nairobi Metropolitan Development. They were accompanied by:-

Mr. J.G. Waiganjo	Principal Human Resource Manager
Mr.T.G.Ndorongo	Director- Metropolitan Planning
Mrs.Francisca W.Maina	Asst.Director- Metropolitan Planning
Mrs.H.A. Sheikh	Under-Secretary-Metropolitan
Mr. F.M.Rabuni	Senior Deputy Secretary
Mr.M.R.Mugoya	Chief Procurement Officer
Mr.Stanley Mbijiwe	Asst.Director- Public Communication
Mr. Nyamasyo Ndola	Budget Officer-Treasury
M/s Patricia Kerugia	Economist
MR.George Kariuki	Principal I.C.T.Officer
Eng.John N.Maina	Secretary-Metropolitan
M/s Gorette Nyariki	Legal Officer

1.6 The Committee also considered the following reports in connection to the scrutiny of the Annual estimates for the respective ministries: -

- 1.6.1 Vision 2030;
- 1.6.2 Printed Estimates for the FY 2009/2010 for vote 12 and 57;
- 1.6.3 Budget Speech for 2009/010;
- 1.6.4 Budget outlook paper for FY 2009/010;
- 1.6.5 Budget Strategy Paper for 2009/010;

1.7 CONCLUSION

Mr. Speaker Sir,

1.7.1 The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the necessary support extended to it in the execution of its mandate. The Committee further wishes to thank the Deputy Prime Minister and Minister for Local Government and the Minister for Nairobi Metropolitan Development for responding promptly to issues raised by the Committee during the examination of the 2009/2010 Financial Estimates.

1.7.2 As the Chairman of the Committee , I take this opportunity to thank all the Members of the Committee for their patience and commitment which enabled us to complete the scrutiny within the stipulated period.

1.7.3 The Committee wishes to record its appreciation for the services rendered by the staff of the National Assembly attached to the Committee. Their efforts made the work of the Committee and the production of this Report possible.

Mr. Spear Sir,

1.74 Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Local Authorities, to present and recommend this report to the House pursuant to the provisions of Standing Orders of the National Assembly.

1.7.5 Further, on behalf of the Committee, I request the house to adopt the report.

SIGNED:.....

**HON. AHMED SHAKEEL SHABBIR, MP
CHAIRMAN
DEPARTMENTAL COMMITTEE ON LOCAL AUTHORITIES**

DATE:.....JULY 2009

SCRUTINY OF THE ANNUAL ESTIMATES FOR THE FY 2009/010

VOTE 12 – OFFICE OF THE DEPUTY PRIME MINISTER AND MINISTRY OF LOCAL GOVERNMENT

INTRODUCTION - Mandate and Appearance

The Office of the Deputy Prime Minister and Ministry of Local Government has the mandate to exercise an oversight role over the management and development of Local Authorities, formulate sound management policies and facilitate capacity building in Local Authorities.

To enable the Committee interrogate the Ministry's budget the Minister was invited to appear before it on Tuesday, July 14, 2009 at 3.30 to 5.20 p.m. He informed the Members that his Ministry deals with 175 Councils which are listed herebelow:

Local Authorities

1. AHERO TOWN COUNCIL	2. NAROK COUNTY COUNCIL
3. AWENDO TOWN COUNCIL	4. OLKALOU TOWN COUNCIL
5. KIPSIGIS COUNTY COUNCIL	6. CHOGORIA TOWN COUNCIL
7. BARINGO COUNTY COUNCIL	8. CHUKA MUNICIPAL COUNCIL
9. BOMET COUNTY COUNCIL	10. OGEMBO TOWN COUNCIL
11. BOMET MUNICIPAL COUNCIL	12. ELDAMA RAVINE TOWN COUNCIL
13. 7. BONDO COUNTY COUNCIL	14. ELDORET MUNICIPAL COUNCIL
15. 8. BONDO TOWN COUNCIL	16. EMBU COUNTY COUNCIL
17. BUNGOMA COUNTY COUNCIL	18. EMBU MUNICIPAL COUNCIL
19. BUNGOMA MUNICIPAL COUNCIL	20. NZOIA COUNTY COUNCIL
21. BURETI COUNTY COUNCIL	22. FUNYULA TOWN COUNCIL
23. BURNT FOREST TOWN COUNCIL	24. GARISSA COUNTY COUNCIL
25. BUSIA COUNTY COUNCIL	26. GARISSA MUNICIPAL COUNCIL

27. BUSIA MUNICIPAL COUNCIL	28. GUCHA COUNTY COUNCIL
9. BUTERE MUMIAS COUNTY COUNCIL	10. GUSII COUNTY COUNCIL
11. CHEPARERIA TOWN COUNCIL	12. KAKAMEGA MUNICIPAL COUNCIL
13. CHOGORIA TOWN COUNCIL	14. MAU MUNICIPAL COUNCIL
15. CHUKA MUNICIPAL COUNCIL	16. MIGORI MUNICIPAL COUNCIL
17. ELDAMA RAVINE TOWN COUNCIL	18. MERU SOUTH COUNTY COUNCIL
19. ELDORET MUNICIPAL COUNCIL	20. NAROK COUNTY COUNCIL
21. TANA RIVER COUNTY COUNCIL	22. NZOIA COUNTY COUNCIL
23. UGUNJA TOWN COUNCIL	24. OTHAYA TOWN COUNCIL
25. FUNYULA TOWN COUNCIL	26. TAVETA TOWN COUNCIL
27. GARISSA COUNTY COUNCIL	28. KEHANCHA MUNICIPAL COUNCIL
29. GARISSA MUNICIPAL COUNCIL	30. OYUGIS TOWN COUNCIL
31. GUCHA COUNTY COUNCIL	32. KENDU BAY TOWN COUNCIL
33. TESO COUNTY COUNCIL	34. KERICHO MUNICIPAL COUNCIL
35. HOMA BAY MUNICIPAL COUNCIL	36. KEROKA TOWN COUNCIL
37. HOMABAY COUNTY COUNCIL	38. KERUGOYA/KUTUS M. COUNCIL
39. ISIOLO COUNTY COUNCIL	40. KIAMBU COUNTY COUNCIL
41. IJARA COUNTY COUNCIL	42. KIAMBU MUNICIPAL COUNCIL
43. ITEN TOWN COUNCIL	44. KIKUYU TOWN COUNCIL
45. KABARNET MUNICIPAL COUNCIL	46. POKOT COUNTY COUNCIL
47. KAJIADO TOWN COUNCIL	48. PORT VICTORIA TOWN COUNCIL
49. KAKAMEGA COUNTY COUNCIL	50. RACHUONYO COUNTY COUNCIL
51. KAKAMEGA MUNICIPAL COUNCIL	52. KIRINYAGA COUNTY COUNCIL
53. KANDARA TOWN COUNCIL	54. KISII MUNICIPAL COUNCIL
55. KANGEMA TOWN COUNCIL	56. KISUMU CITY COUNCIL
57. KANGUNDO TOWN COUNCIL	58. KISUMU COUNTY COUNCIL
59. KAPENGURIA TOWN COUNCIL	60. KITALE MUNICIPAL COUNCIL
61. KAPSABET MUNICIPAL COUNCIL	62. KITUI COUNTY COUNCIL

63. KARATINA MUNICIPAL COUNCIL	64. KITUI MUNICIPAL COUNCIL
65. KARURI TOWN COUNCIL	66. KOIBATEK COUNTY COUNCIL
67. RONGO TOWNA COUNCIL	68. KWALE COUNTY COUNCIL
69. KEIYO COUNTY COUNCIL	70. KWALE TOWN COUNCIL
71. KENDU BAY TOWN COUNCIL	72. LAIKIPIA COUNTY COUNCIL
73. KERICHO MUNICIPAL COUNCIL	74. LAMU COUNTY COUNCIL
75. KEROKA TOWN COUNCIL	76. LIMURU MUNICIPAL COUNCIL
77. KERUGOYA/KUTUS M. COUNCIL	78. LITEIN TOWN COUNCIL
79. KIAMBU COUNTY COUNCIL	80. LODWAR MUNICIPAL COUNCIL
81. KIAMBU MUNICIPAL COUNCIL	82. LONDIANI TOWN COUNCIL
83. KIKUYU TOWN COUNCIL	84. LUANDA TOWN COUNCIL
85. KILIFI COUNTY COUNCIL	86. LUGARI COUNTY COUNCIL
87. KILIFI TOWN COUNCIL	88. MACHAKOS MUNICIPAL COUNCIL
89. KIMILILI MUNICIPAL COUNCIL	90. MAKUYU TOWN COUNCIL
91. KIPKELION TOWN COUNCIL	92. MAKUENI COUNTY COUNCIL
93. KIPSIGIS COUNTY COUNCIL	94. MALABA TOWN COUNCIL
95. VIHIGA MUNICIPAL COUNCIL	96. MATUU TOWN COUNCIL
97. VOI MUNICIPAL COUNCIL	98. MAVOKO MUNICIPAL COUNCIL
99. WAJIR COUNTY COUNCIL	100. MBEERE COUNTY COUNCIL
101. WARENG COUNTY COUNCIL	102. MBITA POINT TOWN COUNCIL
103. WEBUYE MUNICIPAL COUNCIL	104. MERU CENTRAL COUNTY COUNCIL
105. WOTE TOWN COUNCIL	106. MERU MUNICIPAL COUNCIL
107. YALA TOWN COUNCIL	108. NAROK TOWN COUNCIL
109. THARAKA COUNTY COUNCIL	110. NYAHURURU MUN. COUNCIL
111. THIKA COUNTY COUNCIL	112. NYAMACHE TOWN COUNCIL
113. THIKA MUNICIPAL COUNCIL	114. NYAMARAMBE TOWN COUNCIL
115. TRANSMARA COUNTY COUNCIL	116. NYAMBENE COUNTY COUNCIL

117. TURKANA COUNTY COUNCIL	118. NYAMIRA COUNTY COUNCIL
119. UGUNJA TOWN COUNCIL	120. NYAMIRA TOWN COUNCIL
121. UKWALA TOWN COUNCIL	122. NYANDARUA COUNTY COUNCIL
123. VIHIGA COUNTY COUNCIL	124. NYANDO COUNTY COUNCIL
125. OLKEJUADO COUNTY COUNCIL	127. NYANSIONGO TOWN COUNCIL
126. MIGORI COUNTY COUNCIL	
128. MOLO TOWN COUNCIL	129. NYERI COUNTY COUNCIL
130. MOMBASA CITY COUNCIL	131. NYERI MUNICIPAL COUNCIL
132. MOYALE COUNTY COUNCIL	133. RUIRU TOWN COUNCIL
134. MT. ELGON COUNTY COUNCIL	135. RUMURUTI TOWN COUNCIL
136. MUMIAS MUNICIPAL COUNCIL	137. MALAKISI TOWN COUNCIL
138. MURANGA COUNTY COUNCIL	139. MALAVA TOWN COUNCIL
140. MURANGA MUNICIPAL COUNCIL	141. MALINDI MUNICIPAL COUNCIL
142. MUHORONI TOWN COUNCIL	143. MALINDI MUNICIPAL COUNCIL
144. MUTITU ANDEI TOWN COUNCIL	145. MANDERA COUNTY COUNCIL
146. MWINGI COUNTY COUNCIL	147. MANDERA TOWN COUNCIL
148. MWINGI TOWN COUNCIL	149. MARAGUA COUNTY COUNCIL
150. NAIROBI CITY COUNCIL	151. MARAGUA TOWN COUNCIL
152. NAIVASHA MUNICIPAL COUNCIL	153. MARAKWET COUNTY COUNCIL
154. NAKURU COUNTY COUNCIL	155. MARALAL TOWN COUNCIL
156. NAKURU MUNICIPAL COUNCIL	157. MARIAKANI TOWN COUNCIL
158. NAMBALE TOWN COUNCIL	159. MARSABIT COUNTY COUNCIL
160. NANDI COUNTY COUNCIL	161. MASAKU COUNTY COUNCIL
162. NANDI HILLS TOWN COUNCIL	163. MASIMBA TOWN COUNCIL
164. NANYUKI MUNICIPAL	165. RUNYENYES MUNICIPAL

COUNCIL	COUNCIL
166. SAGANA TOWN COUNCIL	167. SAMBURU COUNTY COUNCIL
168. SIAYA MUNICIPAL COUNCIL	169. SIRISIA TOWN COUNCIL
170. SOTIK TOWN COUNCIL	171. SUBA COUNTY COUNCIL
172.	173. SUNEKA TOWN COUNCIL
174. TABAKA TOWN COUNCIL	175. TAITA TAVETA COUNTY COUNCIL

Papers Laid- Documents of Reference

- ❖ The Minister's statement;
- ❖ Draft Strategic Plan of the Ministry;
- ❖ The budget Estimates (recurrent and Development)

The following are the issues raised by the Committee during the meeting:

- Have local authorities submitted their debt resolution plans? If yes could the Minister provide them to the committee to enable it assess the extent to which the issues therein have been addressed.
- Is there any Monitoring & Evaluation framework to track the progress of the local authority service delivery plans?
- What is the status report with regard to special Local Authority Transfer Fund (LATF) monitoring system that was established to monitor the use of all LATF monies as well as other local Government expenditures (the Ministry should provide evidence)?
- Is there an Independent Assessment of the LATF impacts?
- Do the Local authorities provide budget outturns to the Ministry on a regular basis? And how realistic are the revenue and budget forecasts?
- There are serious governance issues with respect LATF spending. Need for detailed account on the impact to local authorities utilization of LATF funds.
- What is the debt portfolio of the all local authorities?
- How much of the LATF allocation goes to reducing debt?

- Does the Ministry have any idea of how many Local Authorities have up to date audited accounts?
- Capital grants to Government Agencies and other levels of Government reduced from **Kshs.241 Million** to **Kshs.166 Million**. This is a specific grant from external donors.
 - Who are these donors?
 - Which project is the grant poised to finance?
 - What is the total cost of the project? What are the timelines of completion of the project and balances required to complete?
- The allocation of Construction of buildings is set to decrease from **Kshs.767 Million** to **Kshs.460 Million** financed solely by various donors. The key issues are:
 - *Who are these donors?*
 - *Which are these buildings?*
 - *What is the total cost of the project?*
 - *What are the timelines of completion of the project?*
- Construction of roads is set to decrease by Kshs.253 Million to Kshs.353 Million. Which is this road? What is expected timeline of completion?
- The allocation for Research, feasibility studies, project preparation, and design, and project supervision will reduce from **Kshs.206 Million** to **Kshs.135 Million**. What is the nature of research activity?
- Grants from foreign Governments Grants from foreign Governments reduced from **Kshs.712 Million** to **Kshs.330 Million**, where is this grant from and what is the intended purpose?
- Total AIA that is used to finance various projects is poised to reduce by about **36%** to **Kshs. 632,159,172**. How many of these projects have been completed and where are they?
- The allocation for purchase of specialized equipment and machinery reduced from **Kshs.380 Million** to **Kshs.359 Million**. Which are these machinery and what is their intended purpose ?
- The allocation for Research, feasibility studies, project preparation, and design, project supervision has increased from **Kshs.300 Million** to **Kshs.902 Million**. What is the nature of the project?

- Direct payments from Foreign borrowing is set to increase from **Kshs.100,00,000** to **Kshs.622,921,000**.What is the nature of the project being undertaken? When is the expected date of completion?
- Economic stimulus package stands at **Kshs.1.8 billion**; this is basically meant to go towards construction of buildings in the various constituencies. *What is the criterion for resource allocation? Who is going to be accountable? What are the modalities of disbursement?*

The above concerns were adressed as the Committee went over the budget with the Minister and explanations were provided.

ALLOCATIONS FOR THE FINANCIAL YEAR 2009/2010-R 12

The total budget allocation in Gross terms (recurrent and development) is Ksh.15.661 billion.When compared to the allocation in 2008/09, this represents an increase of Ksh.2.74 billion or 21%. Specifically,recurrent expenditure increased by Ksh.760 million to stand at Ksh.11.3 billion while development expenditure increased by Ksh.891 million to stand at 4.353 billion. The Committee was informed that the increase was meant to for development of new markets but the problem faced by the Ministry that nil funding was provided for the already started projects. The issue is yet to be resolved by the Minister of Finance.

1. The Table below provides a comparative summary of budgets for The estimates for 2008/09 2009/10 for the Ministry:-

Sub-Vote		2008/2009		2009/2010		Change	
		Recurr.	Dev.	Recurr.	Dev.	Recurr.	Dev.
120: General Admin. & Plannin g	Gro SS	9,597,039,826	2,569,520,014	10,757,335,968	1,215,159,172	1,160,296,142	- 1,354,360,842
	A-in -A	9,251,400,000	987,715,424	10,400,700,000	632,159,172	1,149,300,000	- 355,556,252
	Net	345,639,826	1,581,804,590	356,635,968	583,000,000	10,996,142	- 998,804,590
122: Contrib ution in Lieu of Rates	Gro SS	950,046,394	892,950,000	550,564,032	3,138,636,430	- 399,482,362	2,245,686,430
	A- in-A		100,000,000		622,921,000	-	522,921,000
	Net	950,046,394	792,950,000	550,564,032	2,515,715,430	- 399,482,362	1,722,765,430
Total	Gro SS	10,547,086,220	3,462,470,014	11,307,900,000	4,353,795,602	760,813,780	891,325,588
	A- in-A	9,251,400,000	1,087,715,424	10,400,700,000	1,255,080,172	1,149,300,000	167,364,748
	Net	1,295,686,220	2,374,754,590	907,200,000	3,098,715,430	- 388,486,220	723,960,840

Source : (Printed Estimates2009/2010))

RECURRENT EXPENDITURE (R.12)

2. Examination of Heads by the Committee, under Vote R. 12 was as follows:-

i) Head 360: Planning and Development

Total proposed expenditure: Kshs.237,549,097

The Committee noted that there was a slight decrease from the expenditure in 2008/9 which stood at **237,643,015**.

The Committee is therefore agreeable to the proposal by the Minister that a sum not exceeding Kshs. **237,549,097** be allocated to the Ministry for the expenditure proposed on the items under Head 360

ii) Head 362: Provincial Local Government Offices

Total proposed expenditure: Kshs 35,984,844

The Committee noted there was an increase in routine maintenance of vehicles (item 2220100)and of purchase of office furniture and general equipment(item 3111000) which amounted to 1,311,699 as compared to last years expenditure.The explanation here was that thre was need to buy new furniture to replace the dilapited ones. The Committee indicated that it was prudent to keep down the maintenance of vehicles.

The Committee tthereafter agreed to the proposal by the Minister that a sum not exceeding **Kshs. 35,984,844** be allocated to the Ministry for the expenditure proposed on the items under Head 362.

iii) Head 372: Local Authorities Reforms

Total proposed net expenditure: Kshs.11,127,476

The Committee noted that there was an increase from Kshs 10, 3632,292 to Kshs 11,127,476 in 2009/10.The increase was attributed to the ongoing reforms in Local Councils through Local Authorities Transfer Fund (LATF).

The Committee was emphatic that there were serious governance issues afflicting LATF that needed immediate attention. The Minister agreed to work closely with the Committee to ensure that this was done.

The Committee thereafter agreed to the proposal by the Minister that a sum not exceeding **Kshs. 11,127,476** be allocated to the Ministry for the expenditure proposed on the items under Head 372.

iv) Head 375: Urban Development Department

Total proposed expenditure: Kshs.71, 974,551

The Committee noted that the allocation had increased from Kshs 62,691,374(2008/09) to Kshs 71,974,551. The increase was attributed to rising costs of goods.

The Committee agreed to the proposal by the Minister that a sum not exceeding **Kshs. 71,974,551** be allocated to the Ministry for the expenditure proposed on the items under Head 375.

v) Head 367: Contributions in lieu of Rates

Total proposed expenditure: Kshs.513,264, 000

The Committee noted that there was a decrease from 913,264,000 in 2008/09 to 513,264,000 and the decrease was attributed to sale of some Council houses.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. **513, 264,000** be allocated to the Ministry for the expenditure proposed on the items under Head 367.

vi) Head 415: Local Government Finance and Administration Department.

Total proposed expenditure: Kshs.37, 300,032

The Committee observed that there was an increase of Ksh.547,638 which was attributed to the increase in the allocation for printing, advertising and information supplies and services.

The Committee then agreed to the proposal by the Minister that a sum not exceeding Kshs. **37,300,032** be allocated to the Ministry for the expenditure proposed on the items under Head 415.

DEVELOPMENT EXPENDITURE – D12

i) Head 360: Planning and Development

The Committee noted that the allocation had decreased from Kshs 2,569,520,014(2008/09) to Kshs 1,215,159,172 in the current year. The Minister informed the Committee that this decrease would affect the Ministry negatively as some markets and other projects that had been started last year received no funding and the constructions would stall. The creditors who had supplied materials were demanding payments and the Government risked being sued.

The Committee was agreeable to the proposal by the Minister that a sum not exceeding Kshs. **1,215,159,172** be allocated to the Ministry for the expenditure proposed on the items under Head 360.

ii) Head 364: Basic Infrastructure Local Authorities

The Committee noted that the allocation had increased from Kshs 892,950 in 2008/09 to Kshs 3,138,636,430 in the current year. The increase was attributed to the Ksh.1,800,000,000 included by the Minister of Finance on his own volition which he meant for Economic Stimulus. The dilemma that faces the Deputy Prime Minister is whether this money can be used to complete the already started projects or new markets are to be put up as envisaged by the Finance Minister.

The Committee is nevertheless agreeable to the proposal by the Minister that a sum not exceeding Kshs. **3,138,636,430** be allocated to the Ministry for the expenditure proposed on the items under Head 364.

VOTE 57 – MINISTRY OF NAIROBI METROPOLITAN DEVELOPMENT

4.1 Introduction – Mandate and Appearance

4.1.1 The ministry of Nairobi Metropolitan has the mandate to ensure preparation and enforcement of integrated spatial growth and development strategy and actualization of integrated strategic programmes for the provision of social economic and infrastructural services in Nairobi and its environs.

Local Authorities

The proposed Nairobi Metropolitan Bill indicates that when it becomes law, 15 Local councils will come under this Ministry. These are:-

1. City Council of Nairobi
2. Municipal Council of Thika
3. Country Council of Thika
4. Municipal council of Mavoko
5. County Council of Masaku
6. Town Council of Kangundo
7. Municipal Council of Kiambu
8. County Council of Kiambu
9. Municipal council of Karuri
10. Town council of Kikuyu
11. OlKajiado County Council
12. Kajiado Town Council
13. Ruiru Municipal Council
14. Limuru Municipal Council
15. Municipal Council of Masaku

Papers Laid - Documents of reference

- The Minister statement;
- Draft Strategic Plan of the Ministry;
- The budget Estimates (recurrent and Development)
- Draft Nairobi Metropolitan Bill
- Nairobi Metro 2030

The following are the areas of concern that the Members shared with the Minister during the meeting:

- How was the Minister to handle Resource constraint amid a myriad of projects that are supposed to be undertaken?

- There seems to be conflicting policies and development priorities between the Ministry of local Government, Nairobi City council and the Ministry of Nairobi Metropolitan Development. How would this be resolved?
- How was the Minister to deal with the apparent lack of linkage between the Nairobi Metro Strategy and the current Budget allocation to the Ministry. (The strategy envisages among other things, introducing new trains and ultra modern road transport system).
- Specifically, Kshs.857 Million, Kshs.203 Million, and Kshs.357 Million, respectively, has been allocated to construction of roads, purchase of furniture and general equipment, and purchase of specialized plant equipment and machinery.
 - Which are the roads?
 - Is there any justification of the equipment and furniture to be purchased? Was a needs analysis undertaken?
 - What is the purpose of the machine to be purchased?

The issues raised herein were addressed by the Minister as he took the Committee through the Budget.

ALLOCATIONS FOR THE FINANCIAL YEAR 2009/2010- R 57

16. The total Gross expenditure stands at Ksh.1.759 billion. When compared to Ksh. 1.918 billion, the allocation in 2008/09, this represents a decrease of 8.29%. Appropriation in aid over the period is envisaged to be about Ksh.339,000,000. The Committee was informed that the decrease though not very substantial was going to curtail some of the intended developments.

17. The Table below provides a comparative summary of budgets for The estimates for 2008/09 2009/10:-

Ministry of Nairobi Metropolitan Development

Sub-Vote		2008/2009		2009/2010		Change	
		Recurr.	Dev.	Recurr.	Dev.	Recurr.	Dev.
570: General Admin.	Gross	268,238,180	1,690,284,000	339,262,930	1,420,156,310	71,024,750	-270,127,690
	A-in-A		40,284,000	1,000,000		1,000,000	- 40,284,000

& Planning	Net	268,238,180	1,650,000,000	338,262,930	1,420,156,310	70,024,750	-229,843,690
	Gross	268,238,180	1,690,284,000	339,262,930	1,420,156,310	71,024,750	-270,127,690
	A-in-A		40,284,000	1,000,000		1,000,000	- 40,284,000
Total	Net	268,238,180	1,650,000,000	338,262,930	1,420,156,310	70,024,750	-229,843,690

Source : (Printed Estimates 2009/2010)

1.2.1 RECURRENT EXPENDITURE (R.57)

18. Examination of Heads by the Committee, under Vote R. 57 was as follows:-

vii) Head 194: Headquarters and Administrative Services

Total proposed expenditure: Kshs.325,052,927

The Committee noted that there was an increase of Ksh.56,814,747 because the gross expenditure in 2008/9 stood at **268,238,180**. The explanation for this increase was that there was need to employ more staff in the New Ministry and therefore was due to provision for personnel emoluments.

The Committee is therefore agreeable to the proposal by the Minister that a sum not exceeding Kshs. **325,052,927** be allocated to the Ministry for the expenditure proposed on the items under Head 194

viii) Head 354: Central Planning and Programme Evaluation

Total proposed expenditure: Kshs 13,210,003

The Committee noted that this was a new provision that was not in the 2008/09 budget. However, as the money was meant for research, feasibility studies, project preparation and design among other things the Committee accepted it.

The Committee thereafter agreed to the proposal by the Minister that a sum not exceeding **Kshs. 13,210,003** be allocated to the Ministry for the expenditure proposed on the items under Head 354.

DEVELOPMENT EXPENDITURE – D57

Head 194: Headquarters and Administrative Services.

Total proposed expenditure: NIL

The Committee noted that there was no allocation under this head and the reason given by the Minister was that the items under this Head had been transferred to Heads 352,359 and 461.

The Committee was satisfied with this explanation.

Head 352: Infrastructure Transport and Utilities

Total proposed expenditure:1,327,156,310

The Committee noted that there was no allocation under this head in 2008/09.The allocation was necessary to enable the Ministry construct roads and to purchase specialised gadgets such as fire fighting equipments.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. **1,327,156,310** be allocated to the Ministry for the expenditure proposed on the items under Head 352.

Head 359: Metropolitan Planning and Environment

Total proposed expenditure: 83,000,000

The Committee noted that this head had no allocations in 2008/09 but it now provides money for research, feasibility studies, project preparation and design and project supervision. It was made clear to the Committee that for Nairobi to become a first class metro ther was need for research and good design and the allocation was meant to achieve this.

The Committee was convinced ans is therefore agreeable to the proposal by the Minister that a sum not exceeding Ksh.**83, 000,000** be allocated to the Ministry for the expenditure proposed on items under Head 359

Head 461: Social Infrastructure

Total proposed expenditure: 10,000,000

The Committee was informed that this amount was for refurbishment of buildings. The Members emphasized the need to cut down on unnecessary refurbishments at this time of economic hardships. The Minister concurred and said that this would be taken into account.

The Committee nonetheless, was agreeable to the proposal by the Minister that a sum not exceeding Ksh.10, 000,000 be allocated to the Ministry for the items under Head 461.

MINUTES OF THE THIRD SITTING OF THE DEPARTMENTAL COMMITTEE ON LOCAL AUTHORITIES HELD ON 14TH JULY 2009, IN COMMITTEE ROOM ON 5TH FLOOR CONTINENTAL BUILDING AT 3.00 P.M.

PRESENT

1. Hon. Ahmed Shakeel Shabbir,MP.....Chairman
2. Hon. Stanley Githunguri,M.P
3. Hon. Joshua Kutuny,MP
4. Hon. Fahim Twaha,MP

ABSENT WITH APOLOGY

1. Hon. David Ngugi,MP
2. Hon. Mohammed H. Gabow,MP

ABSENT

1. Hon.Mwalim Mwahima,MP
2. Hon. Maitha Gideon Mungaro,MP
3. Hon. Gideon Konchella,MP

IN ATTENDANCE

KENYA NATIONAL ASSEMBLY

1. Mrs. N. Mukunya Principal Clerk/Deputy Director
2. Mr. Fredrick Muthengi Budget Office

IN ATTENDANCE

MINISTRY OF LOCAL GOVERNMENT

Hon. Musalia Mudavadi
Mr. Samuel Kirui
Mr. S.M. Mangale

Minister
Permanent Secretary
Principal Human Resource Manager

Mr.E.M.Onyango
Mr.Mutua P.Nzioka
Mrs.A.A. Hongo
Mr. R.K.Rotich
Mr.H.S.Chavera
Mrs.Ruth M. Kiiru
Mr. Nyamasyo Ndola

Director- Urban Development
Director- Markets
Coordinator-Local Govt. Reform Programme
Senior Deputy Secretary
Chief Finance Officer
Director- Local Authorities
Budget officer-Treasury

PRELIMINARY

The Chairman welcomed the team from the Ministry of Local Government and noted that the large attendance indicated that the Ministry had taken the matter of Budget analysis seriously. He informed the team that the Committee had prepared a list of issues and questions that was met the officials to respond to the concerns of the Members. The list was circulated by the secretary to the Committee.

MIN. NO. 14/2009: BRIEFING FROM THE MINISTRY

The Permanent Secretary informed the Members that the Minister had attended a cabinet meeting but was on the way to the meeting. He however stated that the officers from the Ministry would start responding to the issues raised and the Minister could do any other additions when he arrived.

The issues and questions put to the Minister were all responded to but more emphasis was placed on the following:

1. LOCAL AUTHORITIES TRANSFER FUND(LATF)

It was explained to the Committee that the objectives of LATF are

- To improve service delivery to the public
- To improve financial management and accountability
- To reduce outstanding debts.

LATF KEY PRINCIPLES

- a) LATF is a block grant to Local Authorities and acts as a budget support and each council should not spend more than 45% of total expenditure

on personnel and should allocate a minimum amount to the capital budget

- b) LATF monies are released based on the following conditions:
- i) Sixty per cent (60%) is released if council submits required budget and meets current statutory creditor obligations.
 - ii) Forty per cent (40%) is released if council submits the following documents:
 - Statement of Actual Revenues and Expenditure
 - Statement of Debtors and creditors & debt Repayment Plan
 - Abstract of Accounts
 - Revenue Enhancement Plan
 - Local Authority Service Delivery Action Plan

After a lot of deliberations and an incisive insight of LATF operations given by the Minister it was agreed that LATF management and control was wanting and the Committee will work closely with the Ministry to streamline the same.

2. ECONOMIC STIMULUS PACKAGE

The Committee sought to know how the 1.8 billion was going to be distributed and what criteria was to be used. The Minister explained that this money had created a real challenge because in the first place the Ministry had requested treasury for 1.5 billion for the already started government projects but instead of providing this money, the Minister of Finance had given 1.8 billion and called it a stimulus package. The question then is, does the Government abandon the already started projects to start new ones or can the money given be used for the old projects?

To thrash these issues the Minister indicated that he had sought a meeting between himself and the Minister of Finance.

Due to time constraint it was agreed that any other issues would be addressed in writing and the write up would be forwarded to the secretary to the Committee before Friday, the 17th July 2009.

MIN.NO.15/2009: ADJOURNMENT

There being no other listed business, the meeting was adjourned at 5.20 p.m. until 15th July 2009 at 3.00 p.m.

Signed.....
CHAIRMAN

Date.....

MINUTES OF THE FOURTH SITTING OF THE DEPARTMENTAL COMMITTEE ON LOCAL AUTHORITIES HELD ON 15TH JULY 2009, IN COMMITTEE ROOM ON 2ND FLOOR CONTINENTAL BUILDING AT 3.00 P.M.

PRESENT

1. Hon. Ahmed Shakeel Shabbir,MP.....Chairman
2. Hon. Stanley Githunguri,M.P
3. Hon. Joshua Kutuny,MP
4. Hon. David Ngugi,MP

ABSENT WITH APOLOGY

1. Hon. Fahim Twaha,MP

ABSENT

1. Hon.Mwalimu Mwachima,MP
2. Hon. Maitha Gideon Mungaro,MP
3. Hon. Gideon Konchella,MP
4. Hon. Mohammed H. Gabow,MP

IN ATTENDANCE

**KENYA NATIONAL
ASSEMBLY**

- | | |
|-----------------------|---------------------------------|
| 3. Mrs. N. Mukunya | Principal Clerk/Deputy Director |
| 4. Mr. Martin Masinde | Budget Office |

IN ATTENDANCE

MINISTRY OF NAIROBI METROPOLITAN

Hon. Robinson N. Githae	Minister
Mr. Philip O.Sika	Permanent Secretary
Mr. J.G. Waiganjo	Principal Human Resource Manager
Mr.T.G.Ndorongo	Director- Metropolitan Planning
Mrs.Francisca W.Maina	Asst.Director- Metropolitan Planning
Mrs.H.A. Sheikh	Under-Secretary-Metropolitan
Mr. F.M.Rabuni	Senior Deputy Secretary
Mr.M.R.Mugoya	Chief Procurement Officer
Mr.Stanley Mbijiwe	Asst.Director- Public Communication
Mr. Nyamasyo Ndola	Budget Officer-Treasury
M/s Patricia Kerugia	Economist
MR.George Kariuki	Principal I.C.T.Officer
Eng.John N.Maina	Secretary-Metropolitan
M/s Goretii Nyariki	Legal Officer

PRELIMINARY

The Chairman welcomed the team from the Ministry of Nairobi Metropolitan Development and noted that the large attendance indicated that the Ministry had taken the matter of Budget analysis seriously. He informed the team that the Committee had prepared a list of issues and questions that would enable the officials to respond to the concerns of the Members. The list was circulated by the secretary to the Committee.

MIN. NO. 16/2009: BRIEFING FROM THE MINISTRY

The Minister gave a detailed report of the creation of the Ministry of Nairobi Metropolitan Development and enumerated its intended benefits as follows:

1. Increased new investment
2. Increased employment
3. A 24 hour economy
4. Increased tax revenue
5. Creation of new industries
6. Expanded tourism
7. Increased safety and security
8. Modern infrastructure facilities
9. Enhanced quality of life.

He then went on to inform the Members that the geographical area of Nairobi Metropolitan included 15 local councils which are:

1. City Council of Nairobi
2. Municipal Council of Thika
3. Country Council of Thika
4. Municipal council of Mavoko
5. County Council of Masaku
6. Town Council of Kangundo
7. Municipal Council of Kiambu
8. City Council of Nairobi
9. Municipal Council of Thika
10. Country Council of Thika
11. Municipal council of Mavoko
12. County Council of Masaku
13. Town Council of Kangundo
14. Municipal Council of Kiambu
15. Municipal Council of Masaku

In respect of the current budget the Minister gave the following details.

BUDGETARY ALLOCATION FOR 2009

- At the very outset, we requested for Kshs.2.2 billion for development expenditure and Kshs.339,000,000.00 million recurrent expenditure.
- We were allocated Kshs.1,420,156,310.00 for development expenditure and Kshs.339,000,000.00 for recurrent expenditure.
 - This means deficit of Kshs.779,843,690.00 in terms of our budgetary estimates for development programmes for this Financial Year.
- The recurrent expenditure is utilized as follows
 - Personnel costs, Kshs.91,471,567.00
 - operation and maintenance is Kshs.247,528,433.00
 - the Nairobi Metropolitan Board is Kshs.44,380,000.00.
 - Details of our expenditure is given in the tables below

The table below illustrates the Ministry's Development vote.

Head	Sub-head code	Name	Allocation in the Development
352: Infrastructure & Transport Utilities		Infrastructure Transport Utilities	1,327,156,310
359: Metropolitan Planning & Environment		Metropolitan Planning & Environment	83,000,000
461: Social Infrastructure		Social Infrastructure	10,000,000
Totals			1,420,156,310

The Minister then continued to give details of how the allocated money would be spent.

- Under Head 352:Infrastructure and Transport Utilities – He stated that this vote was allocated Kshs.1,327,156,310.00 and it will be used for development of the following projects:-
 - Non Motorist Transport
 - signalization and junction improvement
 - Rehabilitation and widening of Bunyala road, and
 - commercial street in Industrial Area
- Rehabilitation, widening and upgrading of – Dunga road, Kapiti, Mariakani, Dar es salam road, Chepkorio road and Mukenia road(ongoing projects) cost 248,609,907/=
- Improvement of non-motorised traffic along Haile Sallisie, Moi Avenue and Tom mboya street (new-under tender) cost 46,000,000/development of the following projects:-
 - ❖ Rehabilitation and upgrading of Garden Estate/Balozi/Hardrock road and provision of NMT facilities (new – under tender) cost 70,000,000/=
 - ❖ Opening and gravelling of various missing links within Nairobi City and other fourteen Municipalities (50km) (new tender doc. Under preparation) cost Kshs.70,000,000/=
 - ❖ Traffic reorganization and road improvement to make them one way for the following roads:-
 - Moi Avenue
 - Kenyatta Avenue
 - Koinange Street
 - Muindi Mbingu Street
 - Tom Mboya Street
 - Harambee Avenue
 - Parliament road (new survey under way Kshs.30,000,000/=

The Minister went on to give details of the proposed improvements on street lighting and all other pending tenders meant to improve the structures in the Metropolis. He however clarified the fact that there was no competition between the Nairobi City Council and the Metropolis but that at the moment the two are complimentary. When the proposed Metropolitan Bill is enacted, the Nairobi Metropolitan Ministry will take over the metropolis and will not need the Council. He stated that five different agencies will be charged with the task of ensuring that the Metropolis functions efficiently.

The Members then engaged the Minister in a debate and thereafter it was agreed that any issues that were not exhausted would be addressed in a report that was to be handed over to the Committee by Friday the 17th July 2009.

MIN.NO.17/2009: ADJOURNMENT

There being no other listed business the meeting was adjourned at 5.20p.m. until further notice.