

NAIROBI CITY COUNTY



**MEDIUM TERM EXPENDITURE FRAMEWORK
2017/2018 TO 2019/2020**

SECTOR REPORT

**TRADE, INDUSTRIALIZATION, CO-OPERATIVE
DEVELOPMENT AND TOURISM**

**Signed.....
Chairman**

OCTOBER, 2016

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EXECUTIVE SUMMARY

This report analyzes the previous years' performance and resource requirements versus allocation for Commerce, Tourism and Co-operatives Sector for the purpose of Budget process for the MTEF period 2017/2018-2019/2020. This is a huge Sector comprising of five main programmes namely; General Administration, Planning and Support services, Co-operative Development and Audit Services, Tourism Promotion and Marketing, Trade Development and Market Services and Licensing and Fair Trade Practices.

The Sector has the following sub-programmes; Cooperative Development, Co-operative Audit, Weights and Measures, Betting and Gaming Control, Liquor Licensing & Regulation (semi-autonomous), Markets and Trade Licensing.

The strategic objective of the Sector is to promote trade and investment through; managing clean and organized markets, improving the process of licensing, ensuring fair trade practices and consumer protection, fostering local participation in tourism, ensuring a vibrant co-operative sector and implementing county betting & Alcoholic Drinks & Control Acts.

In line with the County's economic growth, the Sector is very crucial as it contributes to employment creation through investment promotion, opening of more trading spaces, ensuring fair trade practices and enhancement of Co-operative Governance among many others. The Sector proposes a budget that will revive its fortunes and position in where it belongs, as the Sector that will continue to contribute in excess of 12% of the County Revenue.

The sector requires Kshs. **2,468,097,082** in the next financial year 2017/18 to undertake its priority programmes. Further, the sector will require Kshs. **2,526,609,223** for 2018/19 and Kshs. **2,497,243,331** For 2019/2020.

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background

Commerce, Tourism and Cooperatives Sector comprises of five programmes namely; General Administration, Planning and Support services, Co-operative Development and Audit Services, Tourism Promotion and Marketing, Trade Development and Market Services and Licensing and Fair Trade Practices. Under the main programmes there are the following sub-programmes; Cooperative Development, Co-operative Audit, Weights and Measures, Betting and Gaming Control, Liquor Licensing & Regulation (semi-autonomous), Markets and Trade Licensing.

The Sector has a task of promoting investment in Nairobi by supporting the MSMEs in terms of capacity building and funding of the businesses. The scheme in the County is called 'Nairobi City County Special Loans Board' (NCCSLB) and is in dire need of County Grant of up to ksh.100,000,000.00 to assist the MSMEs to not only grow, expand and become credit worthy but more indigenous MSMEs will be able to access the credit. The demand is higher than the supply of credit.

To maintain the satisfaction of the County's residents, the Sector is in control of the trading spaces and ensuring that all the rules that command fair trade practices and consumer protection are adhered to. There is a scarcity of trading spaces which motivates the Sector to strive creating more with the little funds allocated for development. In addition to rendering services, this Sector is mandated to collect revenue with Trade Licensing and Markets Departments being the major revenue

centers. During the last financial year, the Sector managed to collect Kshs. 2,374,486,977.

In the Sector, we have Co-operative development and Audit departments, which are charged with responsibility for creating an enabling environment for the growth of the Co-operative Movement and undertaking Annual Audits of Co-operative Societies. The County has 2,528 registered Co-operative Societies with a total membership of 1,348,217 and share capital/Deposits of Ksh.249,440,937,919.

The Societies disbursed Loans amounting to Kshs. 209,015,087,153 by the end of the last year.

Co-operatives have also created employment of 3,969 permanent employees who earn a gross pay amounting to Kshs. 3,188,887,319

In the current budget period, the Sector is projected to bring in 12% of the County's internally generated revenue. This is a massive contribution to the County coffers and as such, if not realized, will leave a gaping hole in the County budget realization.

In spite of massive contribution by the Sector to the County, the Sector is starved of development funds. In the current budget, the Sector has been offered only 5% of all County development budgets and 2.7% of recurrent budget. The sector requires more in development funds so that it can grow its current revenue, future development of Nairobi as the regional trading hub and for future economic growth to maintain its regional position.

The Sector proposes a budget that will revive its fortunes and position in where it belongs, as the Sector that will continue to contribute in excess of 12% of all the County Revenue and creation of more employment.

1.2 Sector Vision and Mission

1.2.1 Vision

To be a leader in promoting competitive domestic Trade, Industrialization, Co-operative Development and Tourism in Kenya.

1.2.2 Mission

To facilitate the creation of an enabling environment for vibrant, globally, competitive, sustainable, and innovative commercial, market, tourism and industrial enterprise.

1.3 Strategic Objectives of the Sector

The strategic objectives of the sector are:

- Establish adequate capacity to provide quality service and respond to emerging issues
- Investment promotion
- Promote and manage clean and organized markets
- Promote ease of doing business in the County by improving the process of licensing to ensure more businesses are licensed
- Implement the betting, gaming ,rotaries and licensing county laws
- Enforce compliance with the County liquor-license Act
- Promote fair trade practices and consumer protection.
- Foster local participation in tourism and the management of tourism activities
- Enforce compliance with Cooperative Act, Sacco Act, and subsidiary legislation

1.4 Sub-sectors and their Mandates

1.4.1 Administration, planning and support service

To provide efficiency in service delivery in constituent departments and public through policies for mobilization, allocation and management of resources.

1.4.2 Co-operative Development Department

Key Mandates

- To enforce and enhance compliance with the provisions of Co-operative Societies Act, Sacco Societies Act and Subsidiary Legislation.
- We conduct pre-co-operative education with a view of creating awareness of our services.

1.4.3 Co-operative Audit Department

Key Mandates

- Carrying out Annual Audit certification of co-operative societies.
- Carrying out compliance and systems Audits of co-operative societies.
- Providing consultancy services to co-operative societies in taxation, project management and corporate governance.

- Standardization, scrutiny and registration of co-operative societies Audited accounts in Nairobi City County.
- Audit of statements of affairs of liquidation and distribution of final accounts.
- Undertake Audit investigations of Co-operative societies.

1.4.4 Tourism Department

Key Mandates

- Overall Co-ordination: Liaise and coordinate with international regional and local institutions on tourism issues.
- Resource Mobilization: Internal and external resource mobilization in consultation with the County Treasury for the development of tourism.
- Marketing: Undertaking and facilitating of domestic and international tourism marketing activities in collaboration with stakeholders.
- Product Development and Diversification: Development of viable tourism products and promotion and community participation in tourism.
- Capacity Development: Coordinating capacity development and setting of standards in the hospitality industry.
- To make Nairobi City County the destination of choice and a leader in sustainable development of tourism.

1.4.5 Trade Development Department

Key Mandates

- Promote Investment and Micro, small and Medium Enterprises (MSMEs).
- Provide business counseling advisory services and consultancy services.
- Provide capacity building programmes to indigenous MSMEs.
- Collaborate with relevant institutions on trade matters.
- Manage a trader's scheme that offers financial assistance to indigenous MSMEs.

1.4.6 Markets & Trading Services Department

Key Mandates

The Department derives its existence as a result of the County's provision of public market facilities and control of the trading activities.

- It provides trading services in the following forms of Wholesale Market, Rental Markets, Site and Service Markets, Tenant Purchase Scheme Markets, Open Air Markets.
- Cleaning all the market facilities
- Maintenance and repairs of all market facilities to the required public health standards.
- Provision of linkage services between the producers (both Agricultural and Industrial) and the consumers by offering them trading spaces.
- Protect trading activities within established markets from interference by hawkers.
- Transfer of market stalls.

1.4.7 Weights and Measures Department

Key Mandates

- The Department of Weights and measures is a consumer protection institution that draws its mandate from the Weights and Measures Act Cap 513 and the Trade Descriptions Act Cap 505 laws of Kenya.
- The department then has a mandate to ensure credible weights and measures, fair trade practices and consumer protection within Nairobi City County through enforcement of legal Metrology standards and surveillance.

1.4.8 Trade Licensing Department

Key Mandates

- To regulate and promote businesses by issuing single business permits.
- Enforcing all businesses contribute financing of service delivery activities through payments of licenses.
- Institutionalize the legal framework in line with the Constitution.
- Promote favorable investment through giving guidance and ensuring all businesses are registered.
- Promote ease of doing business in the County by improving the processes of issuing licenses.

1.4.9 Gaming & Betting

Key Mandates

- Regulate and control betting, gaming and lotteries and eradicating illegal gambling.
- Issue licenses for betting and gaming premises and the activities carried therein.
- Authorize lotteries and price competitions.

1.4.10 Liquor Licensing & Regulation (semi-autonomous)

Key Mandates

- To ensure that the national government policy on the control of Alcoholic Drinks Act is implemented at the County level in accordance with the requirements of article 189 of the Constitution.
- To facilitate the application and enforcement of the national government standards on the regulation of manufacture, advertisement, sale and consumption of alcoholic drinks.
- To provide for the County institutions and for procedures applicable to the control and licensing of alcoholic drinks within the County.
- Control, reduce and mitigate the negative health, social and economic impact on individuals and communities resulting from production, sale and consumption of alcoholic drinks.
- To prohibits consumption of alcohol by persons under the age of eighteen and control the exposure of such persons to advertisements of alcoholic drinks.
- To provide a framework for public awareness on the negative effects of excessive consumption of alcoholic drinks, the rehabilitation and treatment of those affected by consumption of alcoholic drinks.

1.5 Role of Sector Stakeholders

To achieve its objectives, the Sector receives a lot of support from the following stakeholders amongst many others.

Table 1:Role of Sector Stakeholders

Stakeholder	Nature of Collaboration	Level of Collaboration
Public	Participate in consultative forums, strategic plans and PPP	High
County Assembly	Passing relevant bills to the Sector	High

Donors	Participate in implementation of capital projects.	Medium
County Sectors	Allocation of funds and provision of necessary infrastructure	High
Organized Bodies:		
Tour Operators& Hotels	Ensure standards of service are adhered to.	High
Co-operative Alliance of Kenya(CAK)	It plays an advocacy role for the co-operative movement.	High
National Co-operative Organizations(NACO)	Play the role of providing strategic professional services e.g. Insurance, Banking etc., to the Co-operative Movement.	High

CHAPTER TWO

PROGRAMME PERFORMANCE REVIEW FOR 2014/2015-2015/2016

2.0 INTRODUCTION

This chapter addresses the sector performance review in terms of sector programmes, sub-programmes, delivery outputs, key performance indicators and expenditure analysis. The following achievements were accomplished by the sector.

Table2: Review of Sector Performance

Programme/Key performance Area	Sub-Programme	KO	KPI	Planned targets		Planned Targets		Achievements	Remarks
				2014/2015	2015/2016	2014/2015	2015/2016		
Co-operative Development	Enforcement of Cooperative Legislation and subsidiary legislation	Registered Co-operative Societies	No. of Registration certificates	138	202	150	274		Inadequate facilitation
	Raise and Collect Revenue.	Revenue Collected.	Amount of Revenue Raised and Collected.			2,500,000	885,330		
	Annual General meeting	Attendance of AGMs	Attendance List	1,500	1,180	1,574	1,556		Inadequate facilitation
	Carry out inspection	improve service delivery	Reports presented	74	82	70	77		Inadequate facilitation
	Revive dormant Cooperative Societies	number of cooperatives revived	Actual no. revived and active	37	38	39	57		
	Capacity building for Cooperative leaders, staff and members	improve service delivery	Attendance list	29,257	48434	33,000	51,764		Inadequate facilitation
	Remittance	Remittance to Commissioner	Remittance forms			36	76		

	Consultative meetings		Attendance list			10	11	
Co-operative Audit	conduct Annual Audits of Co-operative Societies	Annual Audit Report	No. of Annual Audits Reports done.	630	674	650	761	Majority of the Annual Audit were done in arrears.
	Undertake System Audits	System Audit Reports	No. of Systems Audit Reports done.	15	15	12	12	
	Raise and Collect Revenue.	Revenue Collected.	Amount of Revenue Raised and Collected.	8.4Millions	9Millions	12,500,000	11,672,110	We are yet to Operationalized registration of Audited Accounts in the County hence the trend.
	Hold Capacity Building Seminars	Improved Service Delivery.	No. of Capacity Building Seminars Held.	2	Nil	2	Nil	
	Hold Consultative Seminars/Workshops	Informed Clients.	No. of Consultative Seminars/Workshops Held.					New Programme
	Undertake Audit Investigations	Audit Investigation Reports	No. of Audit Investigation Reports Done.			12	1	New Programme
Trade Licensing	Collection of revenue from SBPs	Revenue	Amount of revenue	2Billion	1.8 Billion	2.1 Billion	Ksh. 1,785,786,139	There was revenue improvement
	Compliance Enforcement for SBP	Arrest & prosecution of defaulters	No. of defaulters arrested	10,000 Defaulters	5,194 Defaulters	6,400	3,513	Some hostile areas were not inspected due to lack of security

	Automation	Issuance of licenses on-line	Issuance of licenses on-line	100% operationalization	Operationalized on-line licensing 100%	100% operationalization	Operationalized on-line licensing 100%	To liaise with ICT for continuous enhancement of the controls in the system
	Collection of revenue from Liquor	Revenue	Amount of revenue	1 Billion	209.8 Million	Ksh. 395,000,000	Ksh. 208,355,190	There was revenue improvement
	Vetting of Liquor Outlets	Issuance of liquor licenses	no. of liquor license issued	10,000 liquor licenses	3,778 liquor licenses issued			No activities in 2013/14 since liquor Act was passed in July 2014
Gaming & Betting	Collection of revenue from Betting	Revenue	Amount of revenue	500 Million	2.3 Million	4.5 Million	Ksh. 1,607,950	Court order has been a challenge
	Casino Licensing	Licensed casinos	Revenue collected	Kshs 10,000,000	Nil	Kshs 10,000,000	Nil	Court case hindering implementation
	Casino supervision	Casino returns	No. of casino supervised (19)	Kshs 250,000,000	Nil	Kshs 250,000,000	Nil	Casino tax still under the national govt.
	Pool table operations	Licensed pool tables	Number of licensed pool tables					Others still being licensed by national govt.
	Purchase of uniforms	Uniforms	Uniforms	No. 156	No. 156	No. 78	Nil	Uniforms acquired

Weights & Measures	Verification and weighing and measuring equipment in use for trade	Use of accurate and weights and measures so value for money	Number of equipment verified	50,000	45,591	60,000	50,803	The equipment were verified at office, and stamping stations.
	Revenue	Improve costly revenue kitty	Amount of revenue collected	35,000,000	16,587,365	25,000,000	15,518,550	Revenue results from equipment verified
	Carry out inspections of Traders premises for compliance with Weights and Measures legislation	Enhanced compliance with regulations	Number of inspections carried out	500	518	600	611	More inspections can be done if transport is made available
	Carry out product prepackaging conformity assessment of trading and production outlets	Customers to access products that conform to regulations	Number of products assessed	100	97			Most parkers Complied with the legal requirements
	Carry out traders education programmes	enhanced awareness by traders	Number of progress conducted	2	1	2	1	More programs need to be carried out
	Participate at Nairobi International Trade fair	Enhance awareness of Weights and Measures	Show report	1	1	1	1	Funding shall be availed early enough for preparation of exhibit
	Investigate complaints arising from infringement of the Weights and Measures Legislations	Consumers are protected	Number of complaints investigated	23	All			Transport was not readily available when needed
	Attend to Traders at stamping	Testing services closer to	Numbering of stamping stations	83	83			Advertised stamping stations

	station	traders	attended					were attended
	Carry out biannual calibration of County Legal metrology standards	Traceability of measurements to international standards	Record of calibrations	2	1			No funds for preparations of standards for calibrations of the National Weights and measures laboratory
	Equip Weights and Measures Department through acquisition of additional standards, testing equipment and tools	improve sustainability of Weights & Measures services	Number of equipment acquired	All budgeted equipment	None	All budgeted equipment	None	Funds were not released
	Establish weighing centers at major city markets	Customers get value for money		All budgeted equipment	None	All budgeted equipment	None	Funds not released
	Developing a standard operating procedure manual	Document processes & procedures	Document			1	1	SOP manual was developed
	Innovation	Innovative service delivery	No. of service delivery innovation identified			1	1	
Tourism	Marketing promotional activities	Events Reports	No. of events organized, No. of events participated in and County's visibility	15	15	12 Marketing Activities	13 Marketing Activities	The events had minimal funding
	Development and diversification of tourism products	Products developed	No. developed products	1	1	3 Developed products	4 Developed products	Products developed packaged for marketing

	Local partnership in tourism	Promoting local partnership in tourism	No. of partnership requests			4 Events	The department partnered and supported the following events <ul style="list-style-type: none"> • ALOE Black Concert • Morgan Heritage Concert • IRB Nairobi Safari Sevens • 1st lady half marathon WTO exhibition	
	Development of Tourism information Centre	Improved dissemination of tourism information	No. of visitors to the Centre. No. of Materials distributed	2	Nil	2	Nil	We are yet to develop information Centre since we had issues acquiring the earmarked Centre for renovation
	Enterprise development	Community participation in tourism activities at the grassroots.	No. of activities of enterprise development held					New Programme
	Policy, research and statistics	Developed Tourism Policies, databases, statistics and research papers	No. of policies Developed, Databases and	3 databases	2 databases			New Programme

Trade Development	Nairobi City County Special Loans board	Loans Recovered	Bank Statements	4,700,000	8,193,496	5.5 million	8.7 million	
		Amount disbursed	Cheque register & minutes of the meetings	4,200,000	5,600,000	4.5 million	11.2 million	This depends on the no. of loans approved & amount in the revolving fund
	Capacity Building of Loan Beneficiaries	No of Loanees capacity Built	Briefs & Signed List of Attendance	30	33	2	2	This depends on the no. of loans approved
	Interactive Forums with MSMEs	Interactive Forums	No. of Interactive Forums held	3	3	4	Nil	Funds not released
	Participate in Trade Exhibitions	Participation in Trade exhibitions	No. of Trade Exhibitions Participated	3	3			
	Conduct business counseling initiatives & business extension services	Business counseling conducted	No. of MSMSEs counseled			240 MSMEs	515 MSMEs	
Markets	Enhance Revenue Collection	Revenue collection	Amount of Revenue collected	471	358	450,500,000	353,661,708	Facilitation is required to realize the targets
	Carry out General Cleaning in markets	Cleaning exercise carried out	No. of markets cleaned	6 markets	3 markets	3 markets	2 markets	Inadequate materials

	Rehabilitation of markets	Improve d status dilapidated structures through general maintenance	markets rehabilitated	8 Markets	6 Markets	6	2 markets	All are on-going. Delay in procurement process has been a challenge
	Building of new markets	New markets built	No. of New markets built	5	Identified sites for new markets	5	Nil	Lacks of funds
	NAMSIP capital Project	Guide the relevant personal in identification of site for the projects	Complete program for project take off on the parts of the county	4 NO markets	-	4	Continuing	Project management is in the hands of world bank but it is greatly affected by politics and land ownership

2.1 Performance of Sector Programmes-Delivery Outputs

2.1.1 Administration, Planning and Support Service

General Administration, planning and support services cuts across the sub-sectors.

The objective of this programme is to provide efficiency in service delivery in constituent departments and public through policies for mobilization allocation and management resources.

The following are the key achievements realized under this program during the review period:

1. Coordinate the budget preparation, execution and implementation.
2. Co-ordinated the Performance Contracting
3. Resolved public complaints and implemented safety measures at the work place

2.1.2 Programme 2: Co-operative Development & Management Sub-programme: Co-operative Development

- To promote co-operative development and management
- Enforcing compliance with the co-operative act, Sacco Act and other subsidiary legislation.
- Promotion of new co-operative societies
- Revival of dormant societies
- Inspections into the affairs of Co-operative societies
- Revival of dormant co-operative societies
- Capacity building for members and Co-operative management Committees
- Hold consultative meetings/forums with Co-operative Leaders
- Gender mainstreaming in co-operative societies
- Assist in planning and attendance of Annual General Meetings
- Enforce compliance on SACCO remittance

Sub-programme: Co-operative Audit

- Implement policy and operational guidelines on co-operatives audit services
- Regulate and monitor compliance with the co-operative Act, Sacco Act and other subsidiary legislation
- Promote good corporate governance in co-operative societies

2.1.3 Programme3: Tourism Promotion and Marketing.

To add value to the tourism industry by promoting Nairobi County as the preferred destination for local, regional and international tourists.

2.1.4 Programme 4: Trade Development and Market Services

Sub-programme: Markets

- To re-plan markets for the purchase of increasing market stalls.
- To manage County markets and control trading activities.
- To maintain general cleanliness in all markets by doing cleaning and issuing of linear bags cleaning garbage loops and organizing clean-ups.

Sub-programme: Trade Development

1) To provide financial assistance to MSMEs so that they may improve their capital base, thus grow & expand & play their part in the growth of the economy.

2) Assist in providing information on trade related matters, business counseling & extension services.

2.1.5 Programme 5: Licensing and Fair Trade Practices

Sub-Programme: Single Business Permits (SBP)

- To regulate and promote businesses by issuing single business permits.
- Enforcing all businesses contribute financing of service delivery activities through payments of licenses.
- Institutionalize the legal framework in line with the Constitution.
- Promote favorable investment through giving guidance and ensuring all businesses are registered.
- Promote ease of doing business in the County by improving the processes of issuing licenses.

Sub-Programme: Weights and Measures

- Traceability of Trade measurements within the County to the National standards
- To promote fair trade practices and consumers protection against false trade descriptions
- Formulation of county legal metrology policy and legislation to ensure an effective County legal metrology service
- Publicity of the legal Metrology activities
- Improve the capacity of weights and measures Department for effective service delivery
- Revenue generation

Sub-Programme: Betting and Gaming Control

- Regulate and control betting, lotteries and gaming activities in the county
- Eradicate illegal gambling in the county
- Promote responsible gambling.

Sub-Programme: Liquor Licensing & Regulation (Semi-autonomous)

- To ensure that the national government policy on the control of Alcoholic Drinks Act is implemented at the County level in accordance with the requirements of article 189 of the Constitution.
- To facilitate the application and enforcement of the national government standards on the regulation of manufacture, advertisement, sale and consumption of alcoholic drinks.
- To provide for the County institutions and for procedures applicable to the control and licensing of alcoholic drinks within the County.
- Control, reduce and mitigate the negative health, social and economic impact on individuals and communities resulting from production, sale and consumptions of alcoholic drinks.
- To prohibits consumption of alcohol by persons under the age of eighteen and control the exposure of such persons to advertisements of alcoholic drinks.
- To provide a framework for public awareness on the negative effects of excessive consumption of alcoholic drinks, the rehabilitation and treatment of those affected by consumption of alcoholic drinks.

2.2 Analysis of Programme Expenditure

Table 3: Total Expenditure (Recurrent and Development)

Programme	Sub-programme	Approved Budget 2015/2016	Actual Expenditure 2015/2016	Remarks
General Administration, Planning and Support services		61,870,000	50,121,682	
Co-operative Development and Audit Services	Co-operative Development	86,811,327	84,972,696	
	Co-operative Audit	4,010,000	3,212,609	
Tourism Promotion and Marketing		36,660,000	26,809,023	
Trade Development and Market Services	Markets Services	375,950,000	352,207,703	

	Trade Development Services	14,161,170	11,569,565	
Licensing and Fair Trade Practices	Single Business Permits	21,400,000	11,908,273	
	Betting & Gaming	109,407,503	105,816,981	
	Liquor Licensing	20,000,000	11,045,351	
	Weights & Measures	27,620,000	14,991,335	

2.3: Analysis of programme expenditure by economic classification

Table 4: Analysis of Expenditure by Economic Classification

Economic Classification	2015/2016	
	Approved Estimates	Actual Expenditure
Programmes/Sub-programmes		
General Administration, Planning and Support services		
Compensation to Employees	31,700,000	36,517,157
Use of goods and services	20,170,000	7,633,465
Total Recurrent Expenditures	51,870,000	44,150,622
Capital Expenditure	10,000,000	5,971,060
Total Recurrent & Capital Expenditure	61,870,000	50,121,682
Co-operative Development		
Compensation to Employees	71,201,327	71,171,327
Use of goods and services	15,610,000	13,801,369
Total Recurrent Expenditures	86,811,327	84,972,696

Capital Expenditure	0	0
Total Recurrent & Capital Expenditure	86,811,327	84,972,696
Co-operative Audit		
Compensation to Employees	0	0
Use of goods and services	4,010,000	3,212,609
Total Recurrent Expenditures	4,010,000	3,212,609
Capital Expenditure	0	0
Total Recurrent & Capital Expenditure	4,010,000	3,212,609
Tourism Promotion and Marketing		
Compensation to Employees	0	0
Use of goods and services	16,660,000	12,484,925
Total Recurrent Expenditures	16,660,000	12,484,925
Capital Expenditure	20,000,000	14,324,098
Total Recurrent & Capital Expenditure	36,660,000	26,809,023
Markets Services		
Compensation to Employees	0	0
Use of goods and services	9,950,000	4,198,886
Total Recurrent Expenditures	9,950,000	4,198,886
Capital Expenditure	366,000,000	348,008,817
Total Recurrent & Capital Expenditure	375,950,000	352,207,703
Trade Development Services		
Compensation to Employees	9,941,170	9,911,170
Use of goods and services	4,220,000	1,658,395
Total Recurrent Expenditures	14,161,170	11,569,565
Capital Expenditure	0	0
Total Recurrent & Capital Expenditure	14,161,170	,11,569,565

Single Business Permits		
Compensation to Employees	0	0
Use of goods and services	21,400,000	11,908,273
Total Recurrent Expenditures	21,400,000	11,908,273
Capital Expenditure	0	0
Total Recurrent & Capital Expenditure	21,400,000	11,908,273
Betting & Gaming		
Compensation to Employees	105,067,503	105,067,501
Use of goods and services	4,340,000	749,480
Total Recurrent Expenditures	109,407,503	105,816,981
Capital Expenditure	0	0
Total Recurrent & Capital Expenditure	109,407,503	105,816,981
Liquor Licensing		
Compensation to Employees	0	0
Use of goods and services	20,000,000	11,045,351
Total Recurrent Expenditures	20,000,000	11,045,351
Capital Expenditure	0	0
Total Recurrent & Capital Expenditure	20,000,000	11,045,351
Weights & Measures		
Compensation to Employees	0	0
Use of goods and services	12,620,000	8,858,895
Total Recurrent Expenditures	12,620,000	8,858,895
Capital Expenditure	15,000,000	6,132,440
Total Recurrent & Capital Expenditure	27,620,000	14,991,335

2.4: ANALYSIS OF CAPITAL PROJECTS FY 2013/2014-2015/2016

Table 5: Capital Project Analysis

Project Name	Contract Sum	Start Date	Completion date	Budgeted Amount	Amount Spent as at 30.06.2016	Stage of completion	Remarks
Proposed Re-roofing and Repainting Dandora A-F Market		Dec -15	June -16	11,344,000.00	11,000,000.00	Complete	
Proposed Re-Roofing and Repainting Githurai Market		Dec -15	June-16	8,920,000.00	8,200,000.00	Complete	
Proposed Rehabilitation		Dec -15	June -16	4,201,984.00	3,919,994.00	Complete	
Proposed Renovation of Walkways		Dec 15	June -16	2,300,000.00	2,100,620.00	Complete	
Karen Market		Dec -15	June -16	20,000,000.00	6,000,000.00	Not Complete Due to Payment	
Reconstruction of City Park Market		Dec - 15	June - 16	115,000,000.00	70,000,000.00	Not Complete Due to Payment	
Proposed Rehabilitation of Umoja One Market		Dec -15	June -16	11,000,000.00		Construction on Site	
Purchase of Tour Buses		Dec-15	June-16	15,000,000.00	14,200,000.00	Done	
Reconstruction of Landhies Road Market		Dec -15	June -16	6,200,000.00	5,409,800.00	Done	
Landhies Road		Dec- 15	June- 16	6,500,000.00	3,000,000.00	Done	
Kibra-Makina Market		June-16	Dec-16	40,000,000.00	NIL	Construction on Site	
City Stadium		June -16	Dec-16	15,000,000.00	NIL	BQ in Procurement	

						t	
Mlango Kubwa		June -16	Dec-16	25,000,000.00	NIL	BQ in Procurement	
Shauri Moyo (Burma)		June-16	Dec-16	15,000,000.00	NIL	Tender Awarded	
Kahawa West Market		June-16	Dec-16	14,000,000.00	NIL	Tender Awarded	
Kariokor Market		June-16	Dec-16	8,000,000.00	NIL	Tender Awarded	
Renovation of Wakulima Market		June-16	Dec-16	5,000,000.00	NIL	Tender Awarded	
Westlands Market				National Government World Bank	NIL	Tender Awarded	
Ngumba Market - Mathare		June-16	Dec-16	8,000,000.00	NIL	Tender Awarded	
New Wakulima Mowlem				ABD(African Development Bank)	NIL	Perimeter Wall Done	
Jogoo Road Market				Namsip Funded	NIL	Stakeholders Engagement and Data Verification	
Karandini Market				Namsip Funded	NIL	Stakeholders Engagement	
Mwariro Market				Namsip Funded	NIL	Advertisement Stage	
Mathare 4 A Market		June -16	Dec -16		NIL	Tender Awarded	

2.5 Analysis of Pending Bills as at 30th June 2016

Table 6: Analysis of Pending Bills

Department	Recurrent Kshs	Reason	Development Ksh	Reason	Total in Kshs
Headquarters	3,440,560	Supply of Office Equipment for Chief Officer's Office			3,440,560
Tourism	2,441,674	Supply of Assorted Materials for Rehabilitation of Charter Hall			2,441,674
Markets	1,900,000	Supply of Black Liner Bags			1,900,000
Trade Licensing	1,424,074				1,424,074
Weights and Measures	346,500	Supply of Furniture for			346,500
					<u>9,552,808</u>
Markets			10,820,806	Reconstruction of City Park Hawker's market	10,820,806
			248,877	Re-Roofing of Githurai Market	248,877
			1,977,295	Construction of 10 Modern Kiosks in California	1,977,295
					<u>13,046,978</u>
					<u>22,599,786</u>

CHAPTER THREE

MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE PERIOD 2017/2018-2019/2020

3.0 Introduction

This chapter provides prioritization of programmes and sub programmes as well as an analysis of resource requirements versus allocation in the Sector.

3.1 Prioritization of Programmes and Sub-Programmes

The Sector has listed the following programmes not necessary in the order of priority because all the activities are important for the achievement of core functions for the Sector which is geared towards service delivery to the residents of Nairobi County.

3.2 Programmes and their Objectives

Table 7: Programmes and their Objectives

Programme	Objectives
General Administration, Planning and Support services	<ul style="list-style-type: none"> ● To provide efficient and effective administrative, planning and support services to technical departments
Co-operative Development and Audit Services	<ul style="list-style-type: none"> ● To promote cooperative development in the county ● To increase accountability and transparency in cooperative societies in the county
Tourism Promotion and Marketing	<ul style="list-style-type: none"> ● To promote tourism development and marketing in Nairobi and make it the preferred destination for local, regional and international tourists
Trade Development and Market Services	<ul style="list-style-type: none"> ● To provide financial assistance to MSMEs and provide information on trade related matters, business counseling & extension services. ● To manage county markets and control trading activities. ● To increase market space for trading activities.
Licensing and Fair Trade Practices	<ul style="list-style-type: none"> ● To promote fair trade practices and consumers protection against false trade descriptions. ● Regulate and control betting, lotteries and gaming activities in the county. ● To promote liquor licensing and regulation.

3.3 Key Sector Priorities for 2017/2018 and Medium Term

The sector has prioritized key programmes that need to be implemented to support realization of county's vision. The key sector priorities for FY 2017/2018 are:

- 1) Promotion of trade development and market services through construction and rehabilitation of markets, provision of loans and capacity building of MSMEs.
- 2) Promotion of licensing and fair trade practices ,and liquor licensing and regulations through promotion of businesses by automation of licensing services, establishment of weighing centres, verification and acquisition of weighing and measuring equipment and construction of weights and measures laboratory.
- 3) Regulation and control of betting, gaming and lotteries and enforce national government standards on the regulation of manufacture, advertisement, sale and consumption of alcoholic drinks.
- 4) Promotion of tourism and marketing development through development of diversified tourism products and rebranding the county.
- 5) Promotion of co-operative development and management through revival of dormant co-operative societies, capacity building and awareness creation on co-operative societies, consultancy services to co-operative societies, conducting annual audit certification, compliance and system audits of co-operative societies and audit investigations.

3.4 Programmes, Sub-Programmes, Expected Outcomes, Outputs and Key Performance Indicators

Table 8: Key Performance Indicators

Program me	Sub Program s	Delivery Unit	Key Outputs	Key perform ance indicators	Target 2015/ 16	Achiev ed 2015/ 16	Baselin e 2016/ 17	Target 2017/ 18	Target 2018/ 19	Target 2019/ 20
Administr ation ,planning and support service		General administ ration	Training needs requirem ent address ed	Training needs requirem ent report	50%	40%	30% trainin g assess ment require ment	45% trainin g assess ment require ment	50% trainin g assess ment require ment	55% trainin g assess ment require ment
		General administ ration	Conduct pre-feasibility	quarterly reports, studies	2	-	2 quarter ly	4 quarter ly	5 quarter ly	6 quarter ly

Program me	Sub Program s	Delivery Unit	Key Outputs	Key perform ance indicato rs	Target 2015/ 16	Achiev ed 2015/ 16	Baselin e 2016/ 17	Target 2017/ 18	Target 2018/ 19	Target 2019/ 20
			and feasibility studies and carry out baseline surveys	and surveys			reports, studies and surveys	reports, studies and surveys	reports, studies and surveys	reports, studies and surveys
		Performa nce Contract section	Quarterly performa nce reports	No. of reports	4	4	5	5	5	5
Co-operative Development and Audit Services	Co-operative Development Services	Co-operative Development department	Registere d new co-operative s	No. of co-operative registere d	150	274	138	150	200	250
		Co-operative Development department	Inspectio n Reports	No. of Inspectio n reports	70	77	65	68	75	80
		Co-operative Development department	Remittan ce cases addresse d.	No. of Remittan ce cases addresse d.	36	76	36	36	40	45
		Co-operative Development department	Number of cooperati ve societies revived	Actual number revived and active	39	57	37	40	43	46
		Co-operative Development department	Participa nts trained	No. of Participa nts trained	33,000	51,764	29257	33000	35200	37500
		Co-operative Development department	AGMs Held	No. of AGM Held.	1,574	1,556	1500	1600	1700	1800
		Co-operative Development department								

Program me	Sub Program s	Delivery Unit	Key Outputs	Key perform ance indicators	Target 2015/ 16	Achiev ed 2015/ 16	Baselin e 2016/ 17	Target 2017/ 18	Target 2018/ 19	Target 2019/ 20
		ent								
		Co-operative Development department	Consultative Meetings held	No. of consultative meeting held.	10	11	10	10	18	18
	Co-operative Audit Services	Co-operative Audit Department	Registered audited accounts	No. of audited accounts registered	650	761			1100	1300
		Co-operative Audit Department	Revenue generation	Amount of revenue collected	25,000,000	11,672,110	12.5m	15m	17m	19m
		Co-operative Audit Department	System Audit Reports	No. of Systems Audit Reports done.	12	12	15	17	19	21
		Co-operative Audit Department	Informed Clients. (New Programme)	No. of Consultative Seminars /Workshops Held.	2		2	2	2	2
		Co-operative Audit Department	Audit Investigation Reports. (New Programme)	No. of Audit Investigation Reports Done.	12	1	12	14	16	18
		Co-operative audit department	Open and Spacious Office Space.	Renovated Office Space. (New Programme)	0	0	11	0	0	0

Program me	Sub Program s	Delivery Unit	Key Outputs	Key perform ance indicators	Target 2015/ 16	Achieved 2015/ 16	Baseline 2016/ 17	Target 2017/ 18	Target 2018/ 19	Target 2019/ 20
		Co-operative Audit Department	Adopted Annual Financial Reports	No. of Annual General Meeting Attended.	650	761	650	670	690-	710
Tourism Promotions and Marketing		Tourism Department	Tourism product developed	No. of products developed	3 products	3 products	2 Tour buses Information center Walking tours	2 Tour buses & 1 gallery Tourist nights markets	2 Tour buses & 1 gallery Tourist nights markets	2 Tour buses & Tourist nights markets1 gallery
		Tourism Department	Improved image of the County	No. of marketing activities conducted	12 marketing activities	13	50%	60%	70%	80%
			Developed and maintained website	Updated website	-	-	100%	100%	100%	100%
			Re-branding	Launch and roll out of live love Nairobi campaign	Launch	Not done	1	1	1	1
Trade Development and Market Services	Markets Services	Markets Department	Trade data bank in markets	No. of traders statistics	1		Data bank	Updating data bank	Updating data bank	Updating data bank
		Markets Department	Building new wholesale and retail business hubs	No. of new markets build	5	nil	5	5	6	7
		Markets Department	Rehabilitated	No. of markets	6	2	10	12	15	16

Program me	Sub Program s	Delivery Unit	Key Outputs	Key perform ance indicators	Target 2015/ 16	Achiev ed 2015/ 16	Baselin e 2016/ 17	Target 2017/ 18	Target 2018/ 19	Target 2019/ 20
		ent	markets	rehabilita ted						
		Markets Department	Revenue generatio n	Amount of revenue	450m	353,66 1,708	500M	5500M	600 M	700M
	Trade Develop ment	Trade develop ment departm ent	Loans issued	Amount disperse d	4.5m	11.2m	4.5M	5M	5.5M	6M
		Trade Develop ment Departm ent	Loans recovere d	Amount recovere d	5.5m	8.7m	8.5M	9M	9.5M	10M
		Trade Develop ment Departm ent	Interactiv e forums held	No of interactiv e forums	3	3	3	3	3	3
		Trade Develop ment Departm ent	Training held	Training held For MSMS	2	2	3	3	3	3
licensin g and Trade Fair Practic es	Single business permits	Single business permits	Revenue generate d	Amount of revenue collected	2.1B	1,785,7 86,139	2.2B	2.4B	2.6B	2.8B
		Enforce ment unit	Inspected business premises	No. of defaulter s complied	6,4000	3,513	5,194	10,000	11,000	12,000
		Sub- County& Ward offices	Verified provision al licenses	No. of provision al licenses approved			200,00 0	230,00 0	240,00 0	250,00 0
	Weights and Measure s	Weights and Measure s Departm ent	Verified weighing and measurin g equipmen	No. of equipme nt verified	60,000	50,803	45,400	45,409	50,000	60,000

Program me	Sub Program s	Delivery Unit	Key Outputs	Key perform ance indicators	Target 2015/ 16	Achiev ed 2015/ 16	Baselin e 2016/ 17	Target 2017/ 18	Target 2018/ 19	Target 2019/ 20
			t							
		Weights and Measure s Department	Revenue generate d	Amount of revenue collected	25m	15,518, 550	10M	11M	12M	13M
		Weights and Measure s Department	Inspected and compliant businesse s	No. of inspectio n carried out	600	611	500	600	700	800
	Betting & Gaming Services	Betting & Gaming Department	Licenses issued	No of licenses	2000	306	2500	3000	3500	4000
		Betting & Gaming Department	Licensing of pool tables	Amounte d collected	4.5m	1,607,9 50	2.5M	3M	3.5M	4M
	Liquor Licensin g & Regulati on	Liquor Licensing Department/Boar d	Policy formulati on, inspectio n guideline s & regulatio n	No. of policies formulat ed			1	1	2	3
			Generatio n of revenue	Amount of revenue collected	395m	208,35 5,190	395M	450M	500M	550M
			Administr ation, financial support services & implemen tation of the liquor Act	Efficiency in impleme ntation and support			60%	100%	100%	100%

Program me	Sub Program s	Delivery Unit	Key Outputs	Key perform ance indicators	Target 2015/ 16	Achiev ed 2015/ 16	Baselin e 2016/ 17	Target 2017/ 18	Target 2018/ 19	Target 2019/ 20
			Premises inspectio ns	No. of inspectio ns done			2,500	3,500	4,000	5,000

3.5 Analysis of Resource Requirements

The sector requires Kshs. **2,468,097,082** in the next financial year 2017/18 to undertake its priority programmes. Further, the sector will require Kshs. **2,526,609,223** for 2018/19 and Kshs. **2,497,243,331**

For 2019/2020.

1.3 Resource requirements and allocation by programme and sub-programmes

Table 9: Resource requirements

Programme	Sub-Program me	Resource Requirements			Allocation		
		2017/18	2018/19	2019/20	2017/1 8	2018/ 19	2019/ 20
General Administrat ion, Planning and Support services		158,931,000	123,931,000	99,075,092			
Co-operative Developme nt and Audit Services	Co-operative Developm ent Services	94,963,222	98,561,384	101,289,454			
	Co-operative Audit Services	53,108,641	54,014,072	56,999,477			
Tourism Promotion and		179,522,796	189,748,936	199,986,383			

Marketing								
Trade Development and Market Services	Markets Services	903,628,116	912,859,522	922,552,499				
	Trade Development	70,869,890	71,363,385	71,888,555				
Licensing and Fair Trade Practices	Single business permits	231,500,173	241,979,017	247,977,969				
	Weights and Measures	168,723,602	171,159,783	256,177,773				
	Betting & Gaming Services	110,683,503	114,267,679	115,981,063				
	Liquor Licensing & Regulation	496,166,139	548,724,445	425,315,066				
	Total Expenditure (Sector)	2,468,097,082	2,526,609,223	2,497,243,331				

3.6 Resource Requirement and allocation by Programmes/Sub programmes and Economic Classification

Table 10: Resource requirements by Economic Classification

Programme	Sub-Programme	Economic Classification	Resource Requirements			Allocation		
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20

						8	9	0
General Administration, Planning and Support services		Compensation to employees	2,931,000	2,931,000	2,931,000			
		Use of goods and services	106,000,000	106,000,000	66,143,000			
		Capital Expenditure	50,000,000	15,000,000	30,000,000			
		Total Expenditure	158,931,000	123,931,000	99,075,092			
Co-operative Development and Audit Services	Co-op Development Services	Compensation to employees	51,963,222	54,561,384	57,289,454			
		Use of goods and services	42,995,000	39,000,000	39,000,000			
		Capital Expenditure	5,000,000	5,000,000	5,000,000			
		Total Expenditure	94,963,222	98,561,384	101,289,454			
	Co-operative Audit Services	Compensation to employees	18,106,641	19,014,072	19,999,477			
		Use of goods and services	34,997,000	30,000,000	32,000,000			
		Capital Expenditure	5,000,000	5,000,000	5,000,000			
		Total Expenditure	53,108,641	54,014,072	56,999,477			
Tourism Promotion and Marketing		Compensation to employees	4,522,796	4,748,936	4,986,383			
		Use of goods	125,000,000	135,000,000	145,000,000			

		and services						
		Capital Expenditure	50,000,000	50,000,000	50,000,000			
		Total Expenditure	179,522,796	189,748,936	199,986,383			
Trade Development and Market Services	Markets Services	Compensation to employees	184,628,116	193,859,522	203,552,499			
		Use of goods and services	159,000,000	159,000,000	159,000,000			
		Capital Expenditure	560,000,000	560,000,000	560,000,000			
		Total Expenditure	903,628,116	912,859,522	922,552,499			
	Trade Development	Compensation to employees	9,869,890	10,363,385	10,885,555			
		Use of goods and services	11,000,000	11,000,000	11,003,000			
		Capital Expenditure	50,000,000	50,000,000	50,000,000			
		Total Expenditure	70,869,890	71,363,385	71,888,555			
Licensing and Fair Trade Practices	Single business permits	Compensation to employees	135,500,173	139,979,017	146,977,968			
		Use of goods and services	61,000,000	67,000,000	66,000,001			
		Capital Expenditure	35,000,000	35,000,000	35,000,000			
		Total Expenditure	231,500,173	241,979,017	247,977,969			
	Weights and	Compensation to	8,723,602	9,159,783	96,177,773			

	Measures	employee s						
		Use of goods and services	75,000,000	77,000,000	75,000,000			
		Capital Expenditure	85,000,000	85,000,000	85,000,000			
		Total Expenditure	168,723,602	171,159,783	256,177,773			
	Betting & Gaming Services	Compens ation to employee s	98,638,503	54,267,679	56,981,063			
		Use of goods and services	7,045,000	5,000,000	9,000,000			
		Capital Expenditure	5,000,000	55,000,000	50,000,000			
		Total Expenditure	110,683,503	114,267,679	115,981,063			
	Liquor Licensing & Regulatio n	Compens ation to employee s	62,166,139	62,724,445	63,310,066			
		Use of goods and services	174,000,000	206,000,000	82,005,000			
		Capital Expenditure	260,000,000	280,000,000	280,000,000			
		Total Expenditure	496,166,139	548,724,445	425,315,066			
		Total Expenditure (Sector)	2,468,097,08 2	2,526,609,223	2,497,243,33 1			

CHAPTER FOUR

4.0 EMERGING ISSUES AND CHALLENGES

4.1 Emerging Issues

Information & Communication Technology (ICT)

The Sector works hand in hand with ICT Sector which has proved to be of a great help. The ICT infrastructure has made the Sector improve the revenue especially from the time e-payment started. It has further increased the transparency and convenience both to the clients and the County.

4.2 Challenges

i. Inadequate legal framework

Some of the Sector's departments are baffled by inadequacy of legal framework when it comes to execution of their mandates. The departments are such as Weights & Measures, Co-operative Audit and Co-operative Development.

ii. Legal challenges

The Sector is challenged by court injunctions that restrain revenue collection in Betting & Gaming, JKIA and Wilson Airports for SBP. The traders in the Airports stopped paying for the SBPs from October 2010 resulting to uncollected revenue of about ksh.10m annually despite few of them that pay voluntarily. Professionals such as accountants, surveyors stopped paying for the SBPs from year 2009 and as a result, so many other professionals have shielded themselves under the same umbrella since then.

iii. Inadequate funding

Funding in the Sector is inadequate despite the critical services expected to be provided by the Sector. Inadequate logistical facilitation and lack of working tools such as gadgets and smart phones for permits verification have resulted to uncollected revenue due to fake permits.

iv. Lack of Awareness of E-Payment System

There is low public awareness of E-Payment system in the county. This has contributed to long queues in licensing department during peak season with some clients resolving

to default due to such hassles. Public not versed with all County levies and consequences thereof e.g. penalties, arrests & prosecutions.

v. Payment and procurement process

It normally takes a lot of time to process a payment and procure an item. This hinders the Sector to deliver within its work plan leading to low performance.

CHAPTER FIVE

5.0 CONCLUSION

The sector has five key programmes and 10 sub-programmes key in achieving its objectives. The programmes are namely: General Administration, Planning and Support Services; Co-operative Development and Audit Services, Tourism Promotion and Marketing, Trade Development and Market Services and Licensing and Trade Fair Practices.

Sector Priorities for FY 2017/18 are: Development, expansion and rehabilitation of markets; Promotion of tourism development through tourism promotions and acquisition of tourism buses; Enhancement of capacity through acquisition of adequate technical and support staff; acquisition of standards and testing equipment; Development of County metrology policy and address inadequate inspection and stamping stations; Development of a regulatory and legal framework for tourism and cooperatives development; Investment promotion and provision of loans to SMEs and enhance capacity building for entrepreneurs, revitalize growth of the Small and Medium Enterprises (SMEs) and encourage microenterprise development; and Promotion of co-operative development through development of registration policy, creation of new co-operative societies, enhancing the use of information technology in Cooperative auditing through acquisition of auditing software and installation of internet connection; operationalizing co-operatives registration process through development of registration policy.

The sector has potential not only to grow the County revenue but also provide an avenue to restore Nairobi to its position as major trading hub in the region. Economically, by opening trading spaces, the sector contributes to employment creation, clean environment (removal of hawkers and roadside traders) and security (income generation and reduction in idle youth).

CHAPTER 6

6.0 RECOMMENDATIONS

The Sector recommends the following;

- Finalize and adopt a public private partnership framework to compliment the County Government resources to support the sector implement projects which require large capital outlays.
- The County Government should increase Development funding to the Sector.
- Give funds on account of A.I.E. holders and/or enhance the payment process to enable the Sector actualize all the planned projects.
- Fast track the enactment of County Legislations relevant to the Sector to enable the Sector executes its full mandate.
- Facilitate the enforcement for all legal framework/standards within the Sector.
- Fast track the resolving of all pending issues that hamper the performance of the Sector such as court injunctions.
- Enhance the process of procurement to enable smooth operations and completion of capital projects.
- Public awareness campaigns are necessary in order to enlighten our clients.
- Sector budget be approved as per its proposals and in line with its contribution to the county resource envelope.