

Governor's Office

Telephone: +254 20 344 194
Email: governor@nairobi.go.ke
Facebook: Nairobi City County
Twitter@county_nairobi



NCC/CA/GA/32/155/2016

The Clerk of the Senate

Parliament Buildings
P.O Box 41842 – 00100

NAIROBI

Email: csenate@parliament.go.ke

**RE: PETITION TO THE SENATE CONCERNING SETTLEMENT OF
MISCELLANEOUS DEBTS OWED TO NAIROBI CITY COUNTY BY
VARIOUS NATIONAL GOVERNMENT INSTITUTIONS**

I/we, the undersigned,

Governor, Nairobi City County

DRAW the attention of the senate to the following:

(PURSUANT TO ORDER 223 OF THE SENATE STANDING ORDERS)

The Nairobi City County government, represented by the Governor of the Nairobi City County, Dr. Evans Kidero, wishes to draw the attention of the Senate to the following state of affairs at the Nairobi City County and to request action of the SENATE as follows:

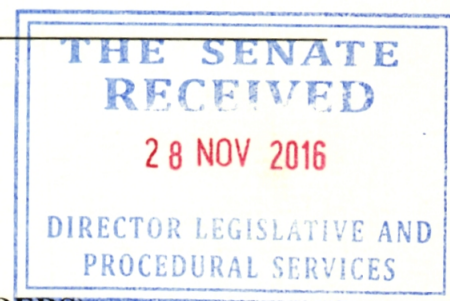
1. SETTLEMENT OF MISCELLANEOUS DEBTS

1.1 THAT the Nairobi City County government is currently facing cash flow challenges and is unable to meet its financial obligations which include payment of salaries, remission of statutory deductions and fulfillment of service delivery obligations to the residents of Nairobi including garbage collection, street lighting and provision of health care services;

1.2 THAT the Nairobi City County, with a population of over 4.5 million (4.5 million during the day and 3 million at night) contributes over 50% of the National Gross Income and it is not the Capital City of Kenya, but also the seat of the National Government, the business hub and financial center for the whole of Eastern Africa and the Horn, the

DLA
Please deal
28/11/16
City Hall,
P.O. Box 30075-0010
Nairobi,
KENYA

Mr. Charles Mungai
As review and report
on this Petition ASAP.
24th November, 2016
SNT/ET
29/11/16



headquarters of a major United Nations agency, and the home of head offices for numerous multi-lateral organizations, diplomatic missions, non-governmental organizations and multinational business;

1.3 THAT it is important therefore, and long overdue, that Nairobi is transformed into a world class city, compliant with modern international best practices in the services of transport, water and sanitation, security, cleanliness and public health, among many other;

1.4 THAT the Nairobi City County has finalized the county Development plan (which is a statutory requirement) as well as a strategic plan for the next 10 years. These two plans, now anchor its clear vision and mission, and provide guiding framework for its activities and operations in the coming years;

1.5 THAT the Nairobi City County faces quite a number of challenges and obstacles, which we would wish to, bring to the attention of the Senate in this petition. These include and but are not limited to those which we present here, in summary form;

1.6 THAT section 6 of the Urban Areas and Cities Act requires that the capital city shall provide infrastructure necessary to sustain the seat of the National Government; offices of diplomatic missions; efficient transport network connecting to rural areas, towns and other local, regional and international cities; and commerce and industry;

1.7 THAT the Nairobi City County is currently facing cash flow challenges and is unable to meet its financial obligations which include payment of salaries, statutory deduction and service delivery to the residents of Nairobi the most crucial being garbage collection, street lighting and provision of health care services;

1.8 THAT the problem is compounded by the huge outstanding debt that remains uncollected and the bulk of the debt is from the Government of Kenya and some few State corporations as highlighted below;

NAIROBI CITY COUNTY RECEIVABLE FROM GOVERNMENT	
SOURCE	AMOUNT(KSHS)
RATES	
Contribution in Lieu of Rates (CILOR)	2,923,308,762
Kenya Railways Staff Retirement Benefit Scheme	808,519,669
Kenya Culture Centre	1,482,159,246
Kenya Railways Corporation	221,330,285
National Assembly	48,663,742
Kenya Broadcasting Corporation	2,671,837,068
SUB TOTAL	8,155,818,772
Kenya Power-Way Leaves	605,301,420
Parking fees/Government Reserved parking	154,000,000
GRAND TOTAL	8,915,120,192

1.9 THAT additionally the defunct Nairobi City Council borrowed Kshs. 5 Billion from Equity Bank

1.10 THAT our creditors' position is as summarized below:

NAIROBI CITY COUNTY LIABILITIES		
As at 30th June, 2016		
	ITEM DESCRIPTION	30th June, 2016
1	Statutory Bodies	
	KRA (PAYE)	3,025,243,399.22
	KRA(VAT)	103,430,489.50
	Subtotal KRA	3,128,673,888.72
	NSSF	509,097,305.00
	LAPTRUST-Principal	5,296,304,468.16
	LAPTRUST-Penalties & Interest	1,904,323,121.18
	LAPFUND-Principal	2,031,894,744.82
	LAPFUND-Penalties & Interest	4,784,252,953.60
	Sub-total Statutory creditors	17,654,546,481.48
2	Merchants	
a)	Development	
i)	Construction of civil works/Construction of roads and drainages & Overhaul and Refurbishment	1,394,238,914.39
ii)	Construction of Buildings	385,267,361.31
	Sub-total Development	1,779,506,275.70
b)	Recurrent	
	Supply of services	285,451,052.62
	Supply of goods & Acquisition of Assets	651,878,482.07
	Hospital creditors	125,856,713.48
	Sub-total Recurrent	1,063,186,248.17
	Total Expenditure on Suppliers/Contractors	2,842,692,523.87
c)	Legal Creditors	2,088,543,409.62
	TOTAL	4,931,235,933.49
3	Utilities (KPLC)	401,480,119.70
4	Loans	
	Co-op IPF Loan/KCB Long-term loan	3,420,867,845.00
	Overdraft	13,642,040.15
	Sub-total Loans	3,434,509,885.15
5	Contingent Liabilities	
	LAPTRUST(actuarial deficit & Interest)	2,624,372,573.00
	Sub-total -Pensions	2,624,372,573.00
6	Other loans	
	Government guaranteed loans	3,815,640,000.00
	On lent Water (Foreign Loans)	15,328,285,000.00
	Sub-total-other Loans	19,143,925,000.00
7	Employee benefits- Retirees/ Deceased	107,548,846.28
	TOTAL DEBTS	48,297,618,839.10

SUMMARY OF INCOME AND EXPENDITURE			
ITEM	Financial Statements 2013/2014 (Kshs 000)	Financial Statements 2014/2015 (Kshs 000)	Actual Revenues & Expenditure Commitments 2015/2016 (10 months)
Revenues	18,542	22,782	20,399
Expenditures			
Employee costs	9,067	12,465	10,222
Operations & Maintenance	8,254	8,194	4,519
Development	1,725	1,903	3,511
Transfer to other government entities	1,387	2,334	1,089
Total	20,433	24,896	19,341
Deficit	(1,891)	(2,114)	1,058

1.11 THAT in general our collections are lower than our expenses;

1.12 THAT the Nairobi City County is now implementing the new Collective Bargaining Agreement which would increase its personnel costs to approximately Kshs. 812 Million per month. This will increase its monthly deficit even further.

1.13 THAT the effect and collective Bargaining Agreement is further compounded by the huge workforce inherited from the National government.

1.14 THAT the failure to pay creditors coupled with the economic pressures has led the County to financial distress making it unable to neither provide services nor embark on planned development projects. Some of the major development projects that the Nairobi City County had planned to carry out include;

Major Projects	Kshs. Million
Rehabilitation of Pumwani Maternity Hospital	406
Roads and Infrastructure	2,210
Automatic Process	2,464
Staff Rationalization	4,400
	9,480

2 THAT, I/we have made the best efforts to have these matters addressed by the relevant authority all of which have failed to give satisfactory response.

WHEREFORE, my humble petition pray to the senate-

1. THAT the national government accelerates the settlement of all its debts to the Nairobi City County including those of state corporations which currently amount to Kshs. 8,915,120,192 (Eight Billion Nine Hundred and Fifteen Million, One Hundred Twenty Thousand, One Hundred Ninety Only). (This excludes the 61,500,000,00 (Sixty One Billion , Five Hundred Milion) owed on account of the Department of Defence land and which is a subject of another petition before Senate.
2. THAT the two governments should undertake a debt swap and settlement of the balance either by cash guarantee financial instruments.

NAME	FULL ADDRESS	ID. NO.	SIGNATURE
DR EVANS ODHAMBO KIDERO	Governor's Office City Hall Nairobi	48 29 645	