

NAIROBI CITY COUNTY GOVERNMENT



NAIROBI CITY COUNTY ASSEMBLY
THIRD ASSEMBLY – FOURTH SESSION

REQUEST FOR STATEMENT



Hon. Speaker,

Pursuant to Standing Order 47(2) (c), I wish to request a statement from the Chairperson of the Select Committee on Finance, Budget and Appropriations regarding the **status of the loan originally acquired by the County Government from Equity Bank Limited, but later refinanced by Kenya Commercial Bank (KCB).**

Hon. Speaker, sections 58, 140, 141, and 142 of the Public Finance Management Act (PFM) 2012 provide authority and conditions for borrowing by County Governments. These provisions emphasize the need for a clear repayment plan for borrowed funds and impose limits on the amount of debt a county government can accumulate. Specifically, these sections ensure that borrowing is done with a sound repayment strategy and that counties do not exceed their debt ceiling, promoting fiscal discipline and sustainability in public finances.

Hon. Speaker, in April 2014, the County Executive entered into an agreement with KCB to assist in offsetting a Kshs 2.4 billion loan originally acquired from Equity Bank Limited. This loan had been defaulted on by the County Government, and by 2016, the outstanding balance had escalated to Kshs 4.2 billion, significantly straining the County's financial position. In 2018, the County Assembly approved the County Executive's engagement with the National Government and other potential lenders to secure more favourable refinancing terms for the loan in an effort to clear it. Despite these efforts, the loan remains outstanding to date.

Hon. Speaker, in light of the foregoing, I request that the Chairperson inquire into and report on the following:

- i) Provide the agreement entered between the County Executive and Kenya Commercial Bank (KCB) regarding the refinancing of the loan, including the terms and conditions of the refinancing arrangement.
- ii) The current status of the loan, including the outstanding balance as of today.
- iii) A detailed monthly repayment schedule of the loan, clearly indicating the principal amount and interest since 2014.
- iv) The last repayment made by the County Government toward the loan, including the date and amount. Provide a certified copy of the loan statement.

*to be reviewed with my attorney
29/4/20*