

# Nairobi own source revenue drops to record low after KRA kicked out

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Nairobi City County's internal revenues for the six months to December hit a record low after it shrunk by 28 percent to Sh2.7 billion, shining the spotlight on a decision to claw back revenue collection duties from the Kenya Revenue Authority (KRA).

Official data from the budget controller shows that City Hall's internal revenue fell by Sh1.078 billion to Sh2.733 billion, undermining efforts to boost own-source revenue.

The drop came in the period that the new administration took back collection of taxes and levies from the KRA in August last year after Johnson Sakaja was sworn in as the governor.

This is the lowest that City Hall has collected in the first half of a financial year since the start of devolution a decade ago with the closest to this level being Sh3.105 billion netted in the six months to December 2017.

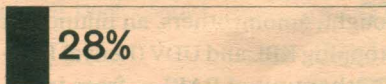
"This amount represented a decrease of 28.3 percent compared to Sh3.81 billion realised in a similar period in Financial Year 2021/22,"



Nairobi governor Johnson Sakaja in Nairobi on February 14, 2023. FILE

Margaret Nyakango, the Controller of Budget says in the report.

The move to revert revenue collection duties from KRA fueled fears that



Rate by which collections declined during the period under review

City Hall would lose millions of shillings daily through corrupt officers and weak systems that have for years

hampered efforts to meet targets.

Missed targets in internal revenue collection have hurt the ability of City Hall to deliver on basic services such as health and roads besides significantly hurting their ability to pay contractors as pending bills jumped to Sh100.36 billion.

The data shows that parking fees accounted for a third of the revenues at Sh798.67 million followed by building permits at Sh459.51 million (13 percent) and single business permits at Sh352 million or 13 percent.

KRA took over the revenue collections for the county in March 2020 after former governor Mike Sonko transferred four key functions including revenue collection to the State.

The taxman was in charge of all the 137 revenue streams for the county government with Nairobi residents using mobile money to pay for services.

Mr Sakaja reverted the collection of revenues to City Hall a month after he came to power, a move that set the stage for a return to daily losses.

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