Business

10%

What Bamburi Cement will save in energy cost after installing a solar system

Bamburi goes green in drive to slash costs

BY ELIZABETH KIVUVA

Bamburi Cement will shift to solar power as the company joins other firms on the road to cutting power costs and stemming interruptions.

The cement maker has signed a power purchase agreement with an independent power producer, MOMNAI Energy Limited, to set up two solar plants adjacent to the company's Mombasa plant and Nairobi grinding factory.

The solar power systems will have a total capacity of 14.5 megawatts and five megawatts for Bamburi's Mombasa plant and Nairobi respectively.

This will account for 40 per cent of Bamburi's total power supply, saving the Nairobi Securities Exchange-listed firm 10 per cent annually on costs.

Several companies, universities, and factories have turned to solar energy to ensure reliable supply and reduce operational costs amid a global shift to green energy.

"We are elated to be making this step towards switching to more affordable and clean energy that will not only lead to a significant reduction in power costs but also bring us closer to our goal of achieving Net Zero carbon emissions," said Miriam Ngolo, Bamburi's strategy and business development director.

The move comes at a time when companies are ditching the national distributor Kenya Power following an outcry by businesses of high electricity bills and the cost of doing business.

Bamburi Cement plant.

Stanbic signs up to boost ventures set up by women

Stanbic Bank Kenya CEO Charles Mudiwa, Ms Lilian Onyach (left), the bank's head, consumer and high net worth clients, and UN Women Kenya Country Representative Anna Mutavati yesterday during the UN Women and Stanbic Bank women empowerment principles signing ceremony at Capital Club, Nairobi. These are a set of standards that provide businesses with guidance on how to promote gender equality and women's empowerment at work, marketplace and community.

DIANA NGILA I NATION

Finance Arrears continue piling by the day despite continuous threats

Treasury defies MPs' loan quest to pay pending bills

Yatani says taking that route will see the country burst Sh9 trillion debt ceiling

BY CONSTANT MUNDA

The Treasury has shot down a resolution by lawmakers to borrow more money to clear accumulated arrears to suppliers and contractors as well as court fines, arguing the move will burst the country's Sh9 trillion debt ceiling.

Treasury Cabinet Secretary Ukur Yatani says Kenya has no room to borrow more than Sh500 billion to clear pending bills for goods and services as well as court awards for contract breaches, unlawful dismissals, and human rights violations.

The Budget and Appropriations Committee of the National Assembly had last June resolved that the Treasury set up a special fund to be financed through a long-term debt to pay off verified pending bills and court awards.

"Payment of existing pending bills and court awards through the issuance of long-term bonds may not be tenable at the moment given the prevailing fiscal environment in view of magnitude of these bills," Mr Yatani wrote in the Supplementary Budget Report he tabled in the House on Tuesday for approval.

Payroll taxes

The latest data shows arrears to suppliers and contractors as well as unremitted statutory and other deductions such as payroll taxes, pension, and medical cover by State entities at the national level stood at Sh423.1 billion last September.

Court awards resulting from unlawful decisions by government officers, on the other hand, were estimated at Sh111.99 billion last June, while counties had Sh41.61 billion in arrears since last audit for the financial year ended June 2018.

> **CEILING**
>
> **500**
>
> The maximum amount of money in billions that Kenya can borrow under current limit

Treasury insists the arrears be settled gradually through annual budgetary allocations. They should be treated as priority payments in line with the president's June 2019 directive.

"Creation of a fund for such a purpose will require clear justification as provided for in section 2017 (b) of PFM (Public Finance Management) Regulations 2015 which oblige that the functions and other public services to be delivered through a fund should be those that cannot be delivered through the structure of budget appropriations," Mr Yatani says.

The arrears continue to balloon despite a Treasury threat to temporarily freeze the release of cash to State entities that persistently fail to pay for goods and services in time. This is in line with the powers he enjoys under Section 96 of the Public Finance Management Act and Article 225 of the Constitution.

"The National Treasury will formulate a sustainable strategy to ensure that all pending bills and court awards are gradually settled within a sustainable fiscal framework," Mr Yatani said.

"This includes enhancement of revenue generation measures to sustainably finance these critical expenditures," the CS added.

cmunda@ke.nationmedia.com

BRIEFLY

HOSPITALITY

Hotels on road to recovery

About seven per cent of hotels in Kenya have attained their pre-Covid-19 operational levels. The Central Bank of Kenya's (CBK) latest survey on the industry shows that while 41 per cent of hotels expect a return to normalcy this year and another 10 per cent by next year, at least 6.6 per cent had already reached their 2019 operation levels by last month. However, uncertainties remain with 38 per cent still unsure of when they will attain the pre-Covid levels. **Peter Mburu**

TELCOS

Airtel wants lowered call rates upheld

Airtel Networks Kenya wants the Communications and Multimedia Appeals Tribunal to uphold a decision of the State to cut calling rates across networks, as the fight against Safaricom's market power persists. In its response to an appeal lodged by Safaricom challenging the recently announced cut in mobile termination rates (MTR), Airtel says it pays Safaricom interconnection charges at an average of Sh300 million per month. **Joseph Wangui and Richard Munguti**

MANUFACTURING

Crown to raise its paint prices

Crown Paints will increase the price of its brands by up to 10 per cent from April in the wake of a jump in the cost of shipping in raw materials. Group CEO Rakesh Rao said the cost of importing raw materials more than doubled to Sh567,850 per tonne from Sh227,140 per tonne before outbreak of Covid. Movement of goods from source markets has since 2020 been disrupted by travel restrictions and bans on social gatherings imposed to curb spread of the virus, scaling down activities at ports and airports. **John Mutua**