



**REPUBLIC OF KENYA  
COUNTY GOVERNMENT OF NYANDARUA  
COUNTY TREASURY**

---



**NYANDARUA COUNTY GOVERNMENT**

**MEDIUM TERM DEBT MANAGEMENT STRATEGY PAPER**

**FOR THE FY 2024/2025**

**FEBRUARY 2024**

*Nyandarua County Government Medium Term Debt Management Strategy Paper 2024*

*To obtain copies of the document, please contact:*

*Nyandarua County Treasury*

*P. O. Box 701 - 20303*

*Ol'Kalou,*

***KENYA***

## **FOREWORD**

Nyandarua County's Medium-Term Debt Management Strategy (MTDMS) 2024 has been prepared as per the requirement of Section 123 of the Public Finance Management (PFM) Act, 2012. It sets out the debt management strategy of the County Government over the medium term with respect to actual and potential liabilities. The policy is meant to act as a guideline for debt management practices of the County Government including the management of the debt portfolio and adherence to various laws and Regulations governing debt contracting and management. Regular preparation and publication of the MTDMS promotes transparency in the conduct of budget financing and public financial management.

The County has so far not taken any loans, however the County has experienced debts arising from payment arrears to suppliers of goods and services, i.e. pending bills. To ensure that the County's debt remains within sustainable levels, the County Treasury intends to fund annual budget deficits from sources characterized by lower costs and minimal risks. So far, measures geared towards reduction of county debt through pending bills by departments have been effected through deliberate efforts to implement a payment plan that settles pending bills obligations, and making clear and articulate projections for the Own Source Revenue to prevent the escalation of County pending bills.

Presently the County pending bills are at Kes. 911.79 Million It is expected that all the pending bills factored in the supplementary budget (Kes. 520.24 Million) will be expended as appropriated. That will see the County have Kes. 391.55 Million not settled in the current approved budget estimates.

In conclusion, the Nyandarua County Government's Debt Management Strategy Paper sets out the county's strategies and plans for managing its debt in the medium term. The paper's contents show that the county is committed to ensuring that its debt is sustainable, meeting its obligations on time and at the lowest possible cost, and managing the risks associated with the debt portfolio. The paper should be a guiding document for the county's approach to managing its debt obligations, and it should be based on sound financial principles that promote sustainable economic growth.



**HON. MARY W. KAMANDE**  
**COUNTY EXECUTIVE COMMITTEE MEMBER**  
**FINANCE, ECONOMIC PLANNING AND ICT**

## **ACKNOWLEDGEMENT**

I would like to express my profound gratitude to the entire team that was involved in the preparation of Nyandarua County's Medium-Term Debt Strategy 2024 for their efforts in putting together such an essential document. The Debt Management Strategy provides guidance on the amount and type of borrowing to undertake over the medium term. It evaluates the costs and risks of various debt management strategies and provides recommendations on meeting obligations geared towards clearing of debts.

I am confident that County's Medium-Term Debt Strategy 2024 will help Nyandarua County in managing its debt obligations effectively and promoting sustainable economic growth. The authors of the strategy have put in a lot of hard work to ensure that it meets the requirements of the Public Finance Management Act and Regulations.

I extend my gratitude to the great leadership of Nyandarua County led by H. E. the Governor, Dr Moses Kiarie Badilisha and the County Executive Member for the Finance, Economic Planning and ICT Department Hon. Mary Kamande, for their invaluable contributions and insights throughout the process. The Economic Planning Team who led in the process of formulating and consolidating the document, I am grateful for the technical input and commitment to the success of the process.

I appreciate the contribution of all implementing departments for their continued support both in planning and implementation of programmes. Our combined efforts will ensure full implementation of the debt strategy. Thank you all for the excellent work and support.



**JORAM KIARIE**

**CHIEF OFFICER**

**ECONOMIC PLANNING & DEVELOPMENT**

## LIST OF ABBREVIATIONS

CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
MTDMSP	Medium Term Debt Management Strategy Paper
PFMA	Public Finance Management Act
PFM	Public Finance Management
IFRS	International Financial Reporting Standards
PPPs	Public-Private Partnerships
IPSAS	International Public Sector Accounting Standards
M & E	Monitoring and Evaluation
DMSP	Debt Management Strategy Paper
IGRTC	Inter-Governmental Relations Technical Committee
IBEC	Inter-Governmental Budget Economic Committee
MTDMS	Medium-Term Debt Management Strategy
F/Y	Financial Year

## **Table of Contents**

FOREWORD .....	3
ACKNOWLEDGEMENT .....	4
EXECUTIVE SUMMARY .....	7
1.0 COUNTY PUBLIC DEBT MANAGEMENT .....	8
1.1 Introduction.....	8
1.2 Legal Background.....	8
1.3 Objectives of the Debt Strategy Paper .....	9
1.4 Scope of Medium-Term Debt Management Strategy Paper .....	10
2.0 COUNTY PUBLIC DEBT .....	11
2.1 County Debt Statement.....	11
2.2 Responsibilities of County Treasury in Matters of Debt .....	11
2.3 Principles of Public Finance .....	12
2.4 County Public Debt Portfolio .....	12
2.5 Debt Servicing .....	13
3.0 DEBT MANAGEMENT STRATEGY .....	15
3.1 Purpose of Borrowing.....	15
3.2 Debt Sustainability.....	15
4.0 ASSUMPTIONS & RISKS ASSOCIATED WITH THE LIABILITIES .....	18
4.1 Assumptions underlying the debt management strategy .....	18
4.2 Uncertainties and Risks.....	18
<b>5. CONCLUSION AND RECOMMENDATIONS.....</b>	<b>20</b>

## **EXECUTIVE SUMMARY**

The Medium Term Debt Management Strategy (MTDS) is published every year and guides County Government borrowing in the medium term while providing a path for sustainable level of debt over the same period. The Debt management policy act as a guide for public debt and borrowing practices of the County Government, including the issuance process and management of the debt portfolio. It also emphasizes the need to adhere to the laws and regulations governing public debt management.

This Debt Management Strategy (MTDMS) 2024 has been prepared as per the requirement of the Public Finance Management (PFM) Act, 2012. It sets out the debt management strategy of the County Government over the medium term with respect to actual and potential liabilities.

This document is structured into five chapters.

**Chapter one** gives the overview of debt management. It describes the legal background and objectives of debt management.

**Chapter two** reviews the existing County debts. It identifies the servicing plan and sustainability.

**Chapter three** presents the Debt Management Strategy Framework over the medium term. It provides guidelines for the County Government to ensure that debt levels are sustainable over the medium term.

**Chapter four** documents the assumptions and risks underlying the debt management strategy. Strategies to overcome the challenge of the ever-increasing pending bills are identified and management of debt sustainably acknowledged to avoid heavy debt burden that may hurt the County's development.

**Chapter five** presents the conclusion and outlines the recommendations to be undertaken by the county government to achieve sustainable debt management.

## CHAPTER ONE

### 1.0 COUNTY PUBLIC DEBT MANAGEMENT

#### 1.1 Introduction

The Medium-Term Debt Management Strategy (MTDMS) is a framework that will guide the County Government to ensure that debt levels stay affordable, sustainable and that any borrowing is for a good purpose. The MTDMS outlines how the County Government intends to achieve a desired debt portfolio over the medium term. It is proposed to ensure the County Government's financing needs and payment obligations are met at the lowest possible cost that is consistent with a prudent degree of risk. The MTDMS has a strong focus on managing the risk exposure embedded in the debt portfolio specifically, potential variations in the cost of debt servicing, increased fiscal deficits and their impact on the budget. In addition, the strategy incorporates initiatives to seek new funding sources, manage the cash flow and support the County Government priorities for socio economic transformation while ensuring debt sustainability.

**Public Debt** is defined by the Kenya Constitution Article.214.(2) as all financial obligations relating to loans raised or guaranteed and securities issued or guaranteed by the national government.

**Public Debt Management** is the process of establishing and executing a strategy for managing the government's debt in order to raise the required amount of funding to meet objectives set by government. The **County Debt Management strategy** is a framework that will guide the County Government to ensure that debt levels stay affordable and sustainable.

Government debt or borrowing includes the contracting or guaranteeing of domestic and external (foreign) debt through loans, financial leasing, on-lending and any other type of borrowing, including concessional and non-concessional borrowing, irrespective of the source.

#### 1.2 Legal Background

The County Government is mandated by the PFM Act to develop a medium-term debt management strategy paper. According to Section 123 of PFM Act (1) "On or before the 28th February in each year, the County Treasury shall submit to County assembly a statement setting out the debt management strategy of the County Government over the medium term with respect to its actual liability and potential liability in respect of loans and guarantees and its plans for dealing with those liabilities."

As soon as practicable after the statement has been submitted to the County Assembly, the County Executive Committee Member for Finance shall publish and publicize the statement and submit a copy to the Commission on Revenue Allocation and the Inter-Governmental Budget and Economic Council.

The County Treasury shall include the following information in the statement;

- ❖ The total stock of debt as at the date of the statement,
- ❖ The sources of loans made to the County Government,
- ❖ The principal risks associated with those loans,
- ❖ The assumptions underlying the debt management strategy, and
- ❖ An analysis of the sustainability of the amount of debt, both actual and potential.

The Public Finance Management (County Regulations) 2015 stipulates that debt service payments shall be a first charge on the County Revenue Fund. Section 41 of the Regulations on budget execution requires the County Governments to ensure that they don't default on obligations to the extent possible.

The PFM County Regulations are detailed on provisions of the County public debt management as follows;

- ❖ Section 176 provides the guiding principles for County Government borrowing
- ❖ Section 177 highlights the borrowing powers of the County Government
- ❖ Section 178 details the purposes for borrowing
- ❖ Section 179 gives the County total public debt threshold, pursuant to section 50(5) of the Act. According to part one (1) of section 179, a County public debt shall not exceed twenty percent (20%) of the County Government's most recent audited revenues, as approved by County assembly. Part two (2) under this section, further states that the annual debt service cost of a County Government shall not exceed fifteen (15%) percent of the most recent audited revenue of that County Government, as approved by the County assembly.
- ❖ Section 180 guides on the setting of debt limit in the County Medium Term Debt Management Strategy, pursuant to Section 141 of the Act
- ❖ Section 187 highlights the requirement and process for the preparation of the County medium-term debt management strategy

### **1.3 Objectives of the Debt Strategy Paper**

The main objective of the Nyandarua County Debt Management Strategy Paper is to ensure that the County financing needs and payment obligations are met on time, and at the lowest

possible cost which is consistent with a prudent degree of risk. It also aims at providing an optimal and sustainable County Public Debt. As such, this strategy endeavors to strike a balance between the cost and risk associated with Public Debt, taking into account demand and resource constraints. Expenditures will strictly be confined to departmental budgetary allocations in line with the County's resource envelope. The County Government as envisaged in the CFSP 2024 does not consider external financing through borrowing but opts for Public Private Partnerships in the medium term.

Broadly, the objectives of County Debt Management will be:

- To ensure that the overall level of public debt is sustainable and debt shall never exceed twenty (20%) percent of the County Governments total revenue at any one time as stipulated in the Public Finance Management (County Government) Regulations section 25 (1)(d);
- To ensure that the County Government can deal with the existing debt portfolio to release resources to service delivery. The strategy seeks to balance cost and risk of public debt while considering the financing needs of the County and developing new sources of revenue;
- Mitigate any negative effects arising from the indebtedness of the County e.g. legal suits, contractors' petitions and dissatisfaction, and resultant effects on the suppliers and contractors;
- Provide a general policy direction that will facilitate future access by the County to financial markets.

#### **1.4 Scope of Medium-Term Debt Management Strategy Paper**

The 2024 County DMSP aims at providing a general policy direction that will ensure county public debt sustainability and minimizing the level of contingent liabilities through the adoption of robust strategies that mitigate further growth of the debt. The DMSP is developed on the fiscal deficits and financial assumptions spelled in the CFSP 2024/25. The DMSP is prepared for financial year 2024/25 but also makes projection on debt repayment for years 2025/26 and 2026/27.

## CHAPTER TWO

### 2.0 COUNTY PUBLIC DEBT

#### 2.1 County Debt Statement

The County debt comprises of all outstanding financial obligations by the County Government. A debt policy provides the legal and institutional framework that guides both external and domestic public debt management within a country. Various Government institutions and agencies play a key role in the management of County Public Debt and borrowing. They include the Parliament, Auditor General, Controller of Budget, Commission on Revenue Allocation, The National Treasury, and the Central Bank of Kenya. Therefore, the County should have a very strong framework on how to manage its public debt portfolio.

#### 2.2 Responsibilities of County Treasury in Matters of Debt

Pursuant to PFM ACT Section 107 (2) The County Treasury is mandated to manage its public finances in accordance with the principles of fiscal responsibility. In managing the county government's public finances, the County Treasury shall ensure; over the medium term, the government's long-term borrowings shall be used only for the purpose of financing development expenditure and the county debt shall be maintained at a sustainable level as approved by the county assembly.

Section 140 (1) of the PFM Act, authorizes the County Executive Committee member for Finance, to raise loans to implement Government programs, only if the loan and the terms and conditions for the loan are set out in writing and are in accordance with—

- a) Article 212 of the Constitution; - A county government may borrow only if the national government guarantees the loan; and with the approval of the county government's assembly
- b) Section 58 of the PFM Act; Mandates the cabinet Secretary (National Treasury) to guarantee loans for county governments or any other borrower on behalf of the national government with approval by Parliament.
- c) Section 142 of PFM Act; the County Assembly may authorize short-term borrowing by county government entities for cash management purposes only. However such borrowing shall not exceed five per cent of the most recent audited revenues of the county. The borrowing should be repaid within a year from the date on which it was borrowed.
- d) The fiscal responsibility principles and the financial objectives of the county government set out in its most recent County Fiscal Strategy Paper; and

e) The debt management strategy of the county government over the medium term.

Pursuant to PFM regulations 177(2) a county government may from time to time borrow within and outside Kenya such sums of money in such amount and on such terms and conditions as to interest, repayment, disbursement or otherwise as the County Executive Committee Member may think fit, in any of the following ways—

(a) By issuing County Treasury bonds;

(b) By bank overdraft facility from the Central Bank of Kenya; and

(c) By any other loan or credit evidenced by instruments in writing.

Borrowing through Issuance of County Treasury bonds and any other loan or credit evidenced by instruments in writing shall require a national government guarantee pursuant to section 58 of the PFM Act.

Borrowing through overdraft facility from CBK will be guided by PFM Act Section 142. This is restricted to short-term borrowing at a maximum of 5 per cent of the most recent audited equitable share and has to be approved by the County Assembly.

### **2.3 Principles of Public Finance**

The Constitution of Kenya (Article 201) stipulates the following principles to guide all aspects of public finance management. The principles will apply to public borrowing and debt management. a. There will be openness and accountability in borrowing and management of public debt;

b. Public debt management will promote an equitable society;

c. The burdens and benefits of the use of resources and public borrowing will be shared equitably between present and future generations;

d. Public money will be used in a prudent and responsible way; and

e. Borrowing and management of public debt will be responsible and fiscal reporting will be clear.

### **2.4 County Public Debt Portfolio**

The County Government of Nyandarua has an agreement with a local lender on payroll financing. This enables the county to pay salaries to staff when the county faces cashflow shortfalls. The County Government has been preparing its budget by balancing expenditures

with the available resources. The delays in disbursements of equitable share from the National Government continue to negatively affect service delivery. In addition, The County Government has had fiscal deficits as a result of unachieved own source revenue targets. This has led to a pile-up of debt mainly composed of pending bills of **Kes 911.79 Million** as at 30th June 2023 as illustrated in the table below.

**Table 1: County Debt Review**

Summary of outstanding liabilities as at the end 25<sup>th</sup> February 2024

Description	Amount
Pending Bills as at 30th June 2023	911.79
Proposed Payment as provided for in the 1 <sup>st</sup> supplementary FY 2023/24	520.24
Total Pending Bills settled as at 25th February 2024	<b>64.44</b>
Pending Bills Expected to be settled in the FY 2023/24 (Budget - Balances)	455.8
Total County Executive Pending Bills as at 25th February 2024	<b>847.35</b>

*Source: County Governments Budget Implementation Review Report for The First Quarter of FY 2024/24 (Comptroller of Budget) and Finance Division – Requisition*

The Current County’s debt stock as at 25<sup>th</sup> February 2024 is **Kes. 847.35 Million** These include Kes 520.242 Million which has been appropriated for in the FY 2023/24. In the Current Financial Year, already Kes.64.44 Million has been paid.

## 2.5 Debt Servicing

The County Government undertakes to timely honor all public debt obligations entered into directly with the aim to minimize fiscal cost and risks that may arise out of undue defaults. The County Government commits to ensuring that all laws governing public debt management are honored.

The pending bills will be treated as a first charge when the County departments and spending units will be preparing their budgets as stipulated in the PFM Act 2012 and County Regulations 2015. This will not only prevent increasing pending bills but inculcate disciplined spending.

The debt repayment plan for the pending bills is as tabulated below:

**Table 1: Debt Repayment Schedule**

Category	Outstanding liabilities as at 30 <sup>th</sup> June 2023	Payments provided for in 2023/24 FY	Payments projected for payment in 2024/25 FY	Payments projected for payment in 2025/26 FY	Payments projected for payment in 2026/27 FY
Outstanding payments to contractors & suppliers (in Kes. Million)	<b>911.79</b>	520.24	550.00	200	200

In the County Fiscal Strategy Paper 2024, **Kes 550.00 Million** has been set aside to take care of the Pending Bills.

The county government has made a commitment to pay all verified pending bills and liabilities. Kes 520.24 Million has been allocated for payment of pending bills and liabilities in FY 2024/2025 Budget Estimates.

All departments are required to prioritize payment of pending bills and liabilities while preparing the FY 2024/2025 budget estimates.

The liabilities and pending bills pose a serious threat to county development agenda. It constitutes a fiscal risk with major potential consequences to the County economy

## CHAPTER THREE

### 3.0 DEBT MANAGEMENT STRATEGY

The County intends to use the Debt Management Strategy Framework over the medium term to ensure the debt levels are sustainable. The Debt Strategy Paper is critical in the management of the County's debt given the gap between the development resource requirements and the available resource envelope as illustrated in the proposed CIDP 3 for the period 2023-2027. The Debt Management Strategy is the framework that will guide the County Government to ensure that debt levels are sustainable over the medium term.

### 3.1 Purpose of Borrowing

In the event, the county seeks debt to finance its operations, the following shall be adhered to;

- a) Debt shall be Sustained at Affordable Levels; To realize this, the county will ensure it pursues grant funding and budget support and where grants are unavailable, or where a loan element of grant funding for priority development projects is mandatory, limited concessional borrowing will be sought.
- b) Concessional loans; Borrowing will be limited to concessional loans from multi- or bilateral donors or development partners.
- c) Loan purpose; Any new borrowing shall follow fiscal responsibility guidelines for a fit purpose, from an allowable source and with acceptable terms and conditions.

Any borrowing sought by the County will be for;

- 1) Managing county cash flow.
- 2) Investing in the productive sectors
- 3) Funding priority core infrastructure and development initiatives as identified in CIDP 3 (2023-2027)
- 4) Specific purpose projects identified as a high priority. Preference shall be given to projects that have the chance to stimulate growth and development of all other sectors and no borrowing will be done to fund shortfalls in recurrent expenditure.

### 3.2 Debt Sustainability

The sustainability of debt is guided by the PFM Act Section 107 (2) (e) and 107 (4). Additionally, section 50 (5) of the Act provides that the County debt shall not exceed 20% of the County's most recent audited revenue as approved by the County Assembly. The County Government recognizes the importance of managing debt prudently to avoid unwarranted debt

burden to the future generation and minimize the risk of macroeconomic instability. The volume and cost of debt must not compromise its sustainability and affordability.

Public Debt sustainability is determined by various indicators. These ratios include:

- a) Debt to Gross County Product;
- b) Debt Service to County Revenues;
- c) Interest payments to County Revenues
- d) Interest payments to Gross County Product.

Given these, this Medium Term Debt strategy sustainability indicators will be based on the debt Service to County Revenues ratio.

**Table 2: County Debt Sustainability Indicators**

Indicator	2024/25	2025/26	2026/27 projected
Revenue	8,432.55	8,290.80	8,664.35
Debt	550.00	200.00	200.00
Debt service to revenue ratio	6.52%	2.41%	2.30%
Recommended Ceiling	20%	20%	20%

The table above clearly illustrates that the County Government of Nyandarua has sustainably managed its debt levels and should now focus towards being debt free.

The County Government in its planning and budgeting continues to employ various strategies to maintain sustainable debt levels, however, it still has challenges in meeting all its debt obligations. This is owed to high expectations from the public vis-a-vis the resources available. The major debts owed by the County are inform of pending bills to contractors and suppliers.

In the medium term, that is FY 2024/25 to FY 2026/2027 period, The County through its budgetary process will employ the following measures to promote efficiency in settling debts:

- a) Set realistic and achievable own-source revenue target to reduce deficits that otherwise translates into pending bills. In addition, the County should enhance local revenue collection as well as sourcing for additional funding from National Government, Donors, PPPs;
- b) Implement a comprehensive monitoring and evaluation system (CIMES) for all projects being implemented to minimize unverifiable projects that accumulate bills;

- c) Prompt debt servicing to avoid accumulation;
- d) Prioritization of programs that are phased and projects with pending bills while planning and budgeting;
- e) Strengthening internal controls such as Audits to ensure that a thorough procurement process is followed to avoid litigations and substandard works; and
- f) Development of Legal and Regulatory Framework- a clear debt policy to enhance reporting, prioritization and timely payment of debt

## CHAPTER FOUR

### 4.0 ASSUMPTIONS & RISKS ASSOCIATED WITH THE LIABILITIES

#### 4.1 Assumptions underlying the debt management strategy

The Debt Strategy Paper assumes that the macroeconomic outlook will remain stable. That the forecasted GDP growth rates will be realized and variables such as inflation rates, interest rates amongst others will remain stable in the Medium-Term period;

Other assumptions are:

- a) that there will be a stable political, social and economic environment that is favourable during the implementation of the strategy;
- b) The National Treasury is expected to sustain the efforts towards minimizing the delays in disbursement of equitable shares transfer and other factors which might lead to escalation of demand for short-term finance by Counties;
- c) that the County Government will pay the pending bills of **Kes 520,242,808** which is approved in the first supplementary Budget for the FY 2023/24;
- d) all the pending bills forwarded from the user departments meet the threshold for pending bills. That is, the works are complete with only the payment pending.
- e) that this debt management strategy will be actualized to the letter.

#### 4.2 Uncertainties and Risks

The 2024 DMS is anchored on the macroeconomic and microeconomic assumptions outlined in the 2024 County Fiscal Strategy Paper. The 2024 CFSP is anchored on the county Government's change development agenda and on the Bottom-up Approach whose main focus is the economic turn-around and inclusive growth.

The rate at which the County's numerous development needs are raising does not match with the resource envelope available. The resource envelop includes equitable share, own source revenue and donor funding that it receives in form of conditional grants that are not always a guarantee.

With unrealized revenues at the end of the financial year, and the projects in the budget having been implemented, the issue of pending bills is brought forth. This leads to debt funding by the County which exposes it to several risks and uncertainties that may include:

- a) High cost of project implementation where suppliers mitigate the risks and opportunity cost of delayed payments by adjusting their initial prices upward;
- b) Market forces that lead to a fluctuation in market prices, exchange rates and commodity prices thereby leading to higher quotations to reduce the risk. This may also result in charging interest or penalties on amounts that are outstanding;
- c) In extreme cases, suppliers may resort to legal suits due to breach of contracts thereby straining the development agenda of the government due to the cost implications thereof;
- d) The County governments are experiencing reduced credibility due to delayed settlement of debts. This a huge risk since the government may not attract quality services from suppliers who may shy away; and
- e) Negative reputational damage leading to lack of confidence by the Donors and Investors who could potentially pull out or reduce the of amount resources.

## CHAPTER FIVE

### 5. CONCLUSION AND RECOMMENDATIONS

The 2024 Debt Management Strategy provides a robust framework for prudent debt management. The County Government recognizes the importance of managing its debt well and sustainably to avoid a heavy debt burden that may hurt the County's development. Continuous monitoring and review of the implementation of the medium-term debt strategy is required.

Public debt management forms an integral part of macroeconomic environment in any economy. It has implications on public expenditure and also has a direct bearing on macroeconomic stability. Public debt management objectives are; to ensure that the county government's financing needs and payment obligations are met at the lowest possible cost over the medium to long term, with a prudent degree of risk, while ensuring the equitable sharing of benefits and burdens of public debt between the current and future generation.

As the county enhances its resource mobilization in the medium term, the county will ensure when funding to programmes is done through debts it will be sustainable and the County will meet its debt obligations in a timely manner. This will avoid risks like litigation, penalties, loss of credit worthness, low staff morale compromised service delivery and disruption of services. Government borrowing will be guided by the need to lower cost and minimize risks, particularly of foreign exchange, interest rate, refinancing and settlement risks.

The County Government should publish debt information more regularly to enhance transparency on debt management in accordance with international best practices. As per the provisions of the Public Finance Management Act 2012, the MTDMS is in line with the County's policy and objectives. The Government should therefore endeavour to implement measures aimed at enhancing transparency and accountability, strengthening internal controls and timely implementation of the budget for sustainable public debt management.

In order to curb the challenge of the ever-increasing pending bills, the County Government should enhance the Own-Source Revenue collection and ensure that the set targets are realistic and achievable. This will ultimately ensure that all projects approved for development are paid within the given Financial Year. There is a need for clear linkage in the processes of budgeting, procurement and payments to provide for checks and balances. In addition, audits are to be

undertaken continuously to strengthen implementation systems and minimize associated risks. The County Treasury will also capacity-build its technical personnel to ensure seamless operations and minimize any potential delays.