REPUBLIC OF KENYA

COUNTY GOVERNMENT OF NYERI

MEDIUM TERM DEBT MANAGEMENT STRATEGY PAPER

2022/23-2024/2025

FEBRUARY, 2022

Table of Contents

FOREWORD

This Nyeri County Government 2022/2023-2024/2025 Medium Term Debt Management Strategy is prepared in line with section 123 of the Public Finance Management (PFM) Act 2012 and is aligned with the County Government Development Agenda over the medium term. The main objective of Medium-Term Debt Management Strategy (MTDMS) is to ensure that the County Government financial needs and payment obligations are met at the most efficient and cost effective way, consistent with a prudent degree of risk, while ensuring that the overall level of public debt is sustainable.

The sustainability of debt is a key fiscal responsibility principle and this will be duly addressed in this paper. Through a resolution of the Nyeri County Assembly as required under the PFM Act section 107 (2) (e) and section 107 (4) that deals with sustainability of debt, an annual borrowing limit has been set for any future requirements.

The County Treasury shall ensure that the Medium-Term Debt Management Strategy is consistent with the broad strategic priorities and policy goals set out in the County Fiscal Strategy Paper(CFSP), 2022. The Policy goals and strategic priorities are geared towards unlocking the potential of our people through a robust social-economic investment.

The County Government inherited a huge debt from the four defunct local authorities i.e. Nyeri County Council, Nyeri Municipal Council, Karatina Municipal Council and Othaya Town Council. The inherited debt will continue to heighten the county debt burden. To ensure sustainability, the MTDMS has proposed measures to be carried out aimed at reducing the debts to a manageable level.

With the existing debt, both inherited and county pending bills, the 2022/2023-2024/2025 MTDMS largely recommends approaches of reducing and managing future debts. The county Government will attempt to guarantee that both the burden and benefits from public borrowing is shared equitably between the current and future generation as stipulated under Article 201 of the Constitution.

Further, the County Treasury will enhance its capacity in terms of training to ensure that it is in a position to handle all matters relating to borrowing and servicing of debt should they arise. Effective linkages will be established with the National Treasury to facilitate the management of the inherited debts, future borrowing and provision of technical advice.

Sincerely,

Robert Thuo Mwangi

County Executive Committee Member
FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

The 2022/2023-2024/2025 Medium Term Debt Management Strategy (MTDMS) is prepared and submitted to the County Assembly in accordance with section 123 of the PFM Act, 2012. It is meant to guide debt management operations and borrowing for the fiscal year 2022/2023 and over the medium term based on an evaluated costs and risks of various options of financing the budget deficit. The policy document states how the County Governments debt management objectives, financing needs and other payments obligations will be met.

This MTDMS will be submitted to the Commission on Revenue Allocation (CRA) and the Intergovernmental Budget and Economic Council as per PFM Act 2012. In addition, MTDM strategy will be published and made available in the county website, www.nyeri.go.ke, to ensure wide circulation as envisaged under the PFM Act, 2012.

I wish to thank H.E the Governor and the entire County Executive for stewardship in the formulation of this document. I also wish to recognize and appreciate the overall guidance of the County Executive Committee Member for Finance and Economic Planning in steering the process for successful formulation of this strategy.

The county departments and other entities are also appreciated for providing considerable data and other information that supported the preparation and finalization of the MTDMS. Likewise, I wish to thank members of the public and public institutions for their invaluable comments and contributions to enrich the document.

It is also my pleasure to distinguish the efforts made and substantial amount of time spent by the team from the County Economic Planning Unit in formulating and finalizing the MTDMS while ensuring that it is within the required standards. Finally, I wish to recognize all our stakeholders and all persons who made the preparation of the MTDMS a success through their involvement during the entire process.

Francis Maranga Kirira
C.O. - ECONOMIC PLANNING, BUDGETING, M&E

ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
BPS	Budget Policy Statement
CIDP	County Integrated Development Plan
CBROP	County Budget Review and Outlook Paper
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
FY	Financial Year
IBEC	Intergovernmental Budget and Economic Council
IFMIS	Integrated Financial Management Information System
IGRTC	Intergovernmental Relations Technical Committee
Kshs.	Kenya Shillings
LA	Local Authority
LAPFUND	Local Authority Provident Fund
LAPTRUST	Local Authority Pension Trust
LGLA	Local Government Loans Authority
MTDMS	Medium Term Debt Management Strategy
NHC	National Housing Corporation
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
PAYE	Pay As You Earn
PFM	Public Finance Management
TA	Transition Authority
VAT	Value Addition Tax

LEGAL BASIS FOR PUBLICATION OF MEDIUM TERM DEBT MANAGEMENT STRATEGY PAPER

The debt management strategy is published in accordance with section 123 of the Public Financial Management (PFM) Act, 2012. The law states that:

(1) On or before the 28th February in each year, the County Treasury shall submit to the county assembly a statement setting out the debt management strategy of the county government over the medium term with regard to its actual liability and potential liability in respect of loans and its plans for dealing with those liabilities.

(2) The County Treasury shall include the following information in the statement—

(a) The total stock of debt as at the date of the statement;

(b) The sources of loans made to the county government;

(c) The principal risks associated with those loans;

(d) The assumptions underlying the debt management strategy; and

(e) An analysis of the sustainability of the amount of debt, both actual and potential.

As soon as practicable after the statement has been submitted to the county assembly under this section, 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 Intergovernmental Budget and Economic Council.

EXECUTIVE SUMMARY

The 2022/2023-2024/25 Medium Term Debt Strategy has been prepared in line with requirements of PFM Act, 2012. The preparation of the strategy is to ensure adherence with the fiscal responsibility principles and is interlinked with other budget documents such as departmental reports, county budget review and outlook paper, annual financial statements and the County Fiscal Strategy Paper.

The County Government inherited approximately Kshs 592,807,561.54 from defunct local authorities i.e. Nyeri County Council, Nyeri Municipal council, Karatina Municipal council and Othaya Town Council. In dealing with inherited debts, the County Treasury through the help of the Intergovernmental Relations Technical Committee has been verifying liabilities inherited from the defunct local authorities. However, the process seems to have stalled but the County Government undertook the process of verifying some of the debts especially bordering on personal emolument and employees benefits with the view of offsetting them.

The county debt burden consists of inherited debt and pending bills arising from County Government departments and spending units. As at 30th June, 2021 the county debt was Kshs. 592,807,561.54 comprising of only inherited debt since no pending bills accrued from the FY 2020/2021.

It is also important to note that some commitments were rolled over to the current financial and they should be paid as the first charge as required under section 41 of the PFM (County Governments) Regulations, 2015. However, some of the rollovers had no corresponding votes in the originally approved budget but the amounts have been considered and allocated adequately in the approved first supplementary budget. The commitments should be well planned to avoid the risk of becoming potential debts in future.

In an endeavor to maintain the county debt at considerable and sustainable level, an amount is usually set aside in the annual budget for settlement of pending bills and commitments. However, in the current financial year there were no pending bills and the County Treasury was required to only provide for the ongoing and roll over projects. This was allocated in full in the approved first supplementary budget for the FY 2021/22 and processing of payments is ongoing.

In dealing with the inherited liabilities, the County Government undertook an exercise to verify the staff claims accruing from pre-devolution era that partly contributed to the inherited debt burden. These included unpaid leave days, staff uniform as well as overtime allowances. During the exercise, the County Government cleared Kshs. 58 million out of a total claim of Kshs. 129.7 million and the County Treasury allocated Kshs. 30 million in the supplementary budget to settle part of the claims that could be accommodated within the existing funds. However, the County

Government is still waiting for the liabilities and debts to be handed over, after which it will negotiate with creditors to spread the debt burden for a period of time to avoid unnecessary fiscal pressure. This arrangement will be necessary since the fiscal space may not accommodate all the payments in one year.

To ensure manageable levels of pending bills that can be settled without giving undue pressure to the overall budget, all county entities will be required to align their projects and programs to the available funds and cash flow forecast. Further, procurement of good and services should be done in the first three quarters of the financial year so that most of the suppliers can be paid by the end of the financial year. The pending bills should also be cleared as a first charge in the approved budget, to avoid accumulation, as provided for under section 41(2) of the Public Finance Management (County Governments) Regulations, 2015.

The County Treasury will create and strengthen a debt management committee to handle matters relating to borrowing and management of debt. The County Treasury will also continue to work closely with the National Treasury to enhance the capacity of the staff and also offer technical expertise in issues relating to borrowing and repayment of debts especially those inherited from the defunct local authorities.

1 INTRODUCTION

1.1 Background

The debt management strategy is prepared in accordance with section 123 of PFM Act, 2012 that requires the County Treasury to submit to the County Assembly, a statement setting out the debt management strategy of the County Government over the medium term with regard to its actual liability and potential liability and its plans for dealing with those liabilities. The statement should, among other information, contain:

(a) The total stock of debt as at the date of the statement;

(b) The sources of loans made to the County Government, if any;

(c) The principal risks associated with those loans;

(d) The assumptions underlying the debt management strategy; and

(e) An analysis of the sustainability of the amount of debt, both actual and potential.

There are other sections of PFM Act that guides the management of county debt, this include PFM Act sections 107, 140,141,142,143 and 144. Other documents that guide the preparation of debt management strategy are County Fiscal Strategy Paper (CFSP) and County Budget Review and Outlook Paper (CBROP).

In this MTDMS more emphasis has been put in ensuring the sustainability of the current debt and establishment of necessary structures to facilitate future borrowing. The County Fiscal Strategy Paper, 2022 does not envision any borrowing to fund the budget and therefore the MTDM strategy will be geared toward servicing of the already existing debt. With the current level of debt, the County Government may not be able to accommodate borrowing to finance its expenditure and therefore over the medium term the government will put more emphasize on settlement of the debt inherited from the defunct local authorities.

The County Treasury will form a debt management committee to verify all liabilities inherited from the defunct local authorities once the handing over is concluded by the Intergovernmental Relations Technical Committee (IGRTC). The main goal of this exercise will be to establish the debt position of County Government of Nyeri and make a plan for clearance of debt while exploring ways of minimizing such debts in future.

The debt management committee will be expected to undertake the following;

a) Compile list of all creditors both statutory and sundry.

b) Establish whether the claims are genuine or not.

c) Establish whether all procedures were followed in incurring the debts.

d) Establish whether all supporting documents are available.

e) Prioritize the debt.

The establishment of the committee will be the first step in ensuring that the County Government is in a position to handle its current debt and is ready to undertake future borrowing to finance the budget within the legal framework.

1.2 Objective of debt management

The following are the main objectives of debt management strategy in the county;

a) To ensure the servicing and management of the County Government's financing and payment obligations are met on a timely basis, at the lowest possible cost in the market and is consistent with a prudent degree of risk.

b) 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).

c) To ensure that both the burden of and benefit from public borrowing is shared equitably between the current and future generation as stipulated under Article 201 of the constitution.

d) To ensure that the County Government is able to deal with the existing debt portfolio in order to release resources to service delivery. The strategy seeks to balance cost and risk of public debt while taking into account the financing needs of the County and to develop initiatives for new funding sources.

1.3 Scope of Medium Term Debt Management Strategy

The Medium Term Debt Management Strategy (MTDMS) covers actual and potential liability i.e. it covers all loans and other debt, whether inherited or created by the County Government, that require payment of principal with or without interest by the County Government to the creditor at a date or dates in future. The MTDMS is prepared for financial year 2022/23 but also makes projection for year 2023/24 and 2024/25.

2 REVIEW OF NYERI COUNTY PUBLIC DEBTS

2.1 Stock of debt

The total stock of debt as at 30th June 2021 stood at Kshs 592,807,561.54. This included only the inherited debt, though unverified since the County Government had no pending bills by the end of that period. The lack of pending bills as compared to a total of Kshs 417,645,843.00 for the financial year 2019/2020 can be attributed to prudent expenditure control measures and judicious utilization of available funds.

However, it is imperative to note that there were some commitments of projects and programmes that were still ongoing by the end of the financial year 2020/21. To ensure that they the commitments do not pose risk of debt in future, priority was given by allocating funds in the supplementary budget to service the commitments before considering the proposed new projects.

2.2 Source of loans/debts made to the County Government

The source of debt to the County Government can be categorized as follows;

1. Pending bills arising from works done and not paid by the end of a financial year.
2. Inherited debt from defunct local authorities.
3. Commitments entered into near the closure of the financial year 2020/21 and rolled over to the current financial year.

2.2.1 Pending bills from the County Departments.

The County Government did not accrue pending bills during the financial year ending 30th June, 2021. This may be attributed to prudent management of available resources as well as expenditure control on essential areas.

However, there are projects and programmes whose implementation was delayed and therefore rolled over to the current financial year. Other reasons included the county departments not availing physical payment vouchers (as some debts were for the previous years), electronic returns on merchant's payments due to wrong bank details or personal details.

It is important to note that the County Government did not realize its own source revenue target and had a total deficit of Kshs. 113,107,266. This posed the risk of heightening the budget gap if contracts signed during the financial year 2020/2021 were all implemented within the financial year.

While pending bills are considered as those payment vouchers which had reached the treasury and not settled, there were other contracts which had been signed but not fully executed by the end of the financial year, 2020/2021. These could have easily increased the accumulated debts if not considered as first charge by the departments in the financial year 2021/2022. They also include all ongoing works, commitments and roll over projects accruing from the same period. If the contracts fail to be adequately budgeted for in the current financial year, it would lead to increase of the existing debt.

2.2.2 Inherited debt from defunct local authorities

The Budget Policy Statement, 2017, indicated that to finalize the transfer of assets and liabilities from the defunct LAs to the County Governments, a Legal Notice Vol. CXIX-No.13 was prepared and published on 27th January 2017 to facilitate this transfer process. Among assets and liabilities of the defunct LAs covered in this process are:

i) Pending bills;

ii) Tax arrears;

iii) Statutory deductions relating to the National Hospital Insurance Fund (NHIF), National Social Security Fund (NSSF), Pension Funds, VAT and PAYE.

In this context, County Assets and Liabilities committees were formed to identify, verify, and validate the assets and liabilities of the defunct LAs as at 27th March 2013. This exercise was concluded, and Intergovernmental Relations Technical Committee (IGRTC) was validating the report as a basis to implementing its recommendations. However, the recommendations have never been shared with the counties for implementation.

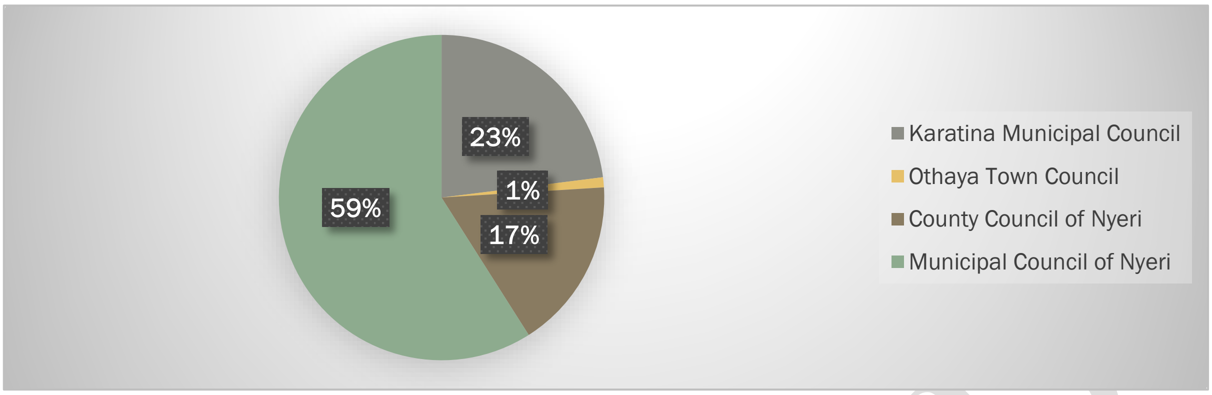
The inherited debt as reported by all defunct local authorities is shown in the table below;

Defunct local authority	Outstanding Debt as at 30th June 2013
Karatina Municipal Council	137,505,036.75
Othaya County Council	5,262,092.09
County council of Nyeri	100,917,404.70
Municipal Council of Nyeri	349,123,028.00
Total	**592,807,561.54**

Source: Nyeri County Assets and liability report, 2014

Most of the debt were inherited from defunct municipal council of Nyeri with 59% of the total debt inherited, followed by Municipal council of Karatina with 23%. County council of Nyeri had 17% while Othaya Town Council had the least debt inherited with only 1% of the total debt.

2.2.3 Outstanding Debt as at 30th June 2013



Source: Nyeri County Assets and liability report 2014

A detailed analysis on specific debts are shown below per defunct local authority;

(a) Defunct Municipal Council of Nyeri

Item	Debt as at 31st December 2014
Loan from LGLA	320,319,642
Unpaid emoluments	3,544,357
Creditors	25,259,029
TOTAL	**349,123,028**

(b) Defunct Town Council of Othaya

Item	Debt as at 31st December 2014
LAPTRUST	2,582,956
LAPFUND	267,250.09
Creditors	2,411,886
TOTAL	**5,262,092.09**

(c) Defunct Municipal Council of Karatina

Item	Debt as at 31st December 2014
Loan from LGLA	38,931,070.20
Loan from NHC	258,929
Unpaid emoluments	7,401,096
LAPTRUST	15,488,531.56
LAPFUND	3,533,102.20
Creditors	71,892,307.79
TOTAL	**137,505,036.75**

(d) Defunct County Council of Nyeri

Item	Debt as at 31st December 2014
Unpaid emoluments	17,573,065
NSSF	26,927,359
LAPTRUST	3,558,619
LAPFUND	34,510,344.70
Creditors	18,348,017
TOTAL	**100,917,404.70**

In an endeavor to ease the debt burden, the County Government established a task force to verify the claims for the defunct local authority staff. These included the unpaid leave days, staff uniform allowances as well as overtime claims that amounted to Kshs. 129,766,324.76. After the verification exercise, Kshs. 58,385,502.27 was cleared and agreed upon by the County Government and the staff union. Subsequently, considering the available allocation outlay, the County Treasury provided Kshs. 30 million for settlement of the claims and the remaining amount will be allocated in future budgets.

2.3 Assumptions underlying the debt management strategy

This Medium Term Debt Strategy recognizes the medium-term macroeconomic framework as provided in the County Fiscal Strategy Paper, 2022 whose targets are anchored on the priorities articulated in the CIDP 2018-2022, the ADP for Financial Year 2022/2023, Medium Term Plan III of the Kenya Vision 2030 and the "Big Four" agenda.

The key priorities of the County Government in the medium term are grounded on key strategic objectives as outlined in the CIDP 2018-2022 namely:

- Improve productivity in agriculture and overall food and nutrition security.
- Promote shared economic growth and job creation.
- Enhance good governance and active citizenry.
- Enhance basic infrastructure for effective service delivery.
- Promote sustainable use of natural resources.
- Improve financial sustainability and resilience.
- Provide accessible and quality health care services.
- Scale up institutional development, transformation and innovation.

Risks to the Macroeconomic Assumptions in the 2022/23-2024/25 MTDMS

Major risks to the macroeconomic framework include:

i. The effects of Covid-19 pandemic and its containment measures that has negatively altered lives and livelihood and other likely emergencies and disasters.
ii. Declining long term growth as a result of expected slow productivity growth and aging workforces.
iii. The framework is exposed to economic growth and fiscal risks. The projected growth assumes favorable weather conditions and therefore any adverse weather conditions will have negative impact on the growth.
iv. Public expenditure pressures especially recurrent expenditures.

2.4 Sustainability of debt

Public debt sustainability is the ability of a country to service its debt obligations as they fall due without distracting its budget implementation.

The sustainability of debt is guided by PFM Act section 107 (2)(e) and section 107 (4). According to section 107 (2)(e) the county debt shall be maintained at a sustainable level as approved by county assembly. Section 107 (4) further states that every County Government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by resolution of the county assembly.

The County Government through the County Treasury will attempt to maintain public debt and obligations at sustainable levels in line with section 15 (d) of the Public Finance Management (PFM) Act 2012. In line with this, the County Government has set the debt level at five percent (5%) but should never exceed twenty per cent (20%) of the annual revenue.

The current debt is at 6.8 % of the total County revenues for the current financial year which is within the set limits. The debt is comprised of only the inherited debts since there were no pending bills recorded by the end of the last financial year.

3 STRATEGIES OF DEALING WITH DEBT

3.1 Debt servicing

Payment of the inherited debts is one of the County Government's key priorities. However, these debts must be clearly handed over and strategies of settling them be arrived at. The debt will be payed either in part or in full depending on the available funds in the budget for the FY 2022/23.

The County Government embarked on verification of some of the liabilities inherited from its defunct local authorities consisting of unpaid leave days, uniform allowances as well as overtime claims for staff amounting to Kshs. 129,766,324.76. Out of this, Kshs. 58,358502.27 was verified and cleared for settlement. The county treasury subsequently provided an allocation of Kshs. 30 million based on the available funds and the remaining amount will be considered in future budgets.

The commitments arising from the FY 2020/21 are being serviced either as a first charge in the respective departments or with an amount set aside for commitments and roll over projects in the supplementary budget for this financial year. To ensure proper planning for debt servicing, funds should be allocated for anticipated bills as at the end of the financial year 2020/21 since the County Fiscal Strategy Paper (CFSP), 2021 will inform the possible savings after considering and allocating funds to all spending units.

3.2 Debt Restructuring

The main objective of debt restructuring is to spread repayment of debt over a number of years. The County Government is exploring the possibility of debt restructuring as one method of dealing with huge debts particularly for bank loans and pension funds inherited from the defunct local authorities once the handing over is concluded. This will spread the substantial debt burden over a period of time since the existing debt cannot be cleared within a year due to budgetary constraints. However, for small debt such as the pending bills and rollover projects, prioritization will be undertaken based on the fiscal space and liquidity. Restructuring will also help the county to avoid payment of penalties and interest that have accrued and the costly litigations.

3.3 Prioritization of programmes

The pending bills arising from all the county departments and spending units will have to be cleared as a first charge in the succeeding year's budget from the corresponding votes of those departments and units. This will not only prevent increasing pending bills over the years but also inculcate disciplined spending by all the accounting officers.

Further, to avoid accumulation of additional debts in line with section 41(2) of the PFM (County Government) Regulations, 2015, departments will also be required to prioritize projects/ programmes taking into account the constrained resource basket. County departments that have accumulated huge recurrent bills will face liquidity challenges in the initial phase and may compromise implementation of some of the critical projects/programmes as well as service delivery.

In order to avoid accumulation of debts in succeeding years, necessary measures will be put in place. The County Treasury shall prepare a report on cash flow projections in early April, 2022 so as to advice on commitments, thus avoiding pending bills by the end of the financial year as per section 44(5) of the PFM (County Government) Regulations, 2015.

The pending bills for development activities arises from projects that were completed, invoices received for payment, but not cleared by the end of the financial year. This can be due to various challenges which includes delayed release of equitable share by the National Treasury and IFMIS malfunctions. The settlement of such commitments will be made from the allocation set aside for debt resolution as a budgetary reserve or as a first charge in the respective departmental/spending units' budgets for in the succeeding year's budget.

To avoid debt arising from projects that are rolled over from one financial year to the other, the departments should give priority, when settling debts, to the already completed projects before starting implementation of new contracts. Initiating of new projects should be determined by the availability of funds to avoid increasing the debt level.

4 IMPLEMENTING THE 2022/23-2024/25 MTDMS

In order to avoid unnecessary debt burden to the future generation and reduce the risk of macro-economic instability, there is need for the County Government to manage debt prudently. After the approval and adoption of this Strategy, the County Treasury will develop a plan for repayment of pending bills that will emerge by the end of the financial year based on priorities and cash flow projections.

Further, in line with the National Treasury's directive to prioritize payments of bills owed to suppliers, the County Treasury will ensure that the commitments already executed as roll over projects from FY 2021/22 are also paid as first charge in the respective department's allocations. This will ensure that the County Government does not suffer cash flow sanctions for not meeting its financial obligations.

A debt management committee will be formed, based at the County Treasury, to review all pending bills from the departments and make recommendation for payment or otherwise as it deem fit as a new financial year starts. The committee will be strengthened to ensure availability of comprehensive, accurate and timely information on debt.

The PFM Act sets the ceiling for borrowing by counties at 5 percent of the county's local revenue for the purposes of development only. The County Treasury shall provide a budgetary allocation for payment of pending bills and any other possible debt. This will not only guide the sustainability of debt but will also lay the ground for future borrowing to finance the budget.

In addition, effective linkages will be established with the National Treasury to facilitate training on debt management skills and offer direction and support on future borrowing. The National Government is expected to guarantee borrowing by County Governments and therefore the National Treasury plays a critical role in ensuring the success of debt management in the county.

The County will also continuously engage the Debt Management Office (DMO) at the National Treasury in order to improve the capacity on debt management and especially concerning the debts guaranteed by the National Treasury. Specifically, and in-order to clear already outstanding debts.

5 CONCLUSION

This Medium-Term Debt Management Strategy is a robust framework for prudent debt management. It provides a systematic approach to decision making on the appropriate financing of development projects. The stock of debt in the county has remained within manageable limits. However, it is essential for the County Government to establish and implement structures to maintain the debt level within the current range and to reduce further escalation of the liabilities.

The current debt level necessitates for adequate allocations of finances to service the existing debts in FY 2022/23. This calls for continuous budgetary allocations in consecutive years in an effort to ensure that all county debts are cleared without imposing budgetary pressure on the county resources. However, since this MTDMS envisages no borrowing to finance the budget, more emphasis has been put on management of current debt.

Going forward, all county departments and other entities are expected to be more conscious while spending and ensure that projects and programmes implementation is in line with the approved budget and availability of funds. The procurement processes should be fast tracked to avoid pending bills in subsequent years.

Further, it is expected that the National Treasury will be releasing the exchequer as per the agreed cash flow schedules to avoid last minute rush in processing of payments for goods and services rendered. The County Treasury will also continue to capacity build its technical personnel on IFMIS and update them with the requisite skills to guarantee smooth processing of payments thereby minimizing possible delays.