

Foreword

This paper is the fourth by Murang'a County and under the devolved system of government, it will set stage for the final budget under CIDP 2013-2017. It should be noted that many of the challenges identified by various stakeholder has been tackled by the County and National Government to differing levels, however due the ever-present limitation of resources many more needs to be done before the desired objectives are achieved.

2017/2018 budget will offer the current Government an opportunity to seal any loopholes in the finalization of the 2013-2017 planning cycle and create a platform for a more stable 2018-2022.

It's my hope that his document will effectively guide the process and deliver a county budget that deliver hope to our residents and meet our shared aspiration as we create a better future for the people of Murang'a. Let all work hard and leave a worthy mark.

George Kamau

CECM- FINANCE IT AND PLANNING.

I. OVERVIEW

Section 117 of the PFM Act 2012, requires that the County Treasury prepares and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.

In preparing the County Fiscal Strategy Paper, the County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement and shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term. This County Fiscal Strategy Paper the signals the strategic direction Murang'a County Government intends to take in service delivery by articulating on the planned programmes. In addition, the County plans are broadly presented in terms of revenues, expenditures and borrowing for the coming financial year and over the medium term.

II. RECENT ECONOMIC DEVELOPMENTS

OVERVIEW OF RECENT ECONOMIC DEVELOPMENT

Kenya economic growth has remained quite stable in the recent years averaging between 5 and 6 percent, as per January 2017 update the growth has been revised downward from 6 to 5.7 percent mainly due to the current drought and the impact of more protectionist approach by the developed economies. Despite the challenges the prudent economic policies have helped maintain a stable environment.

Growth Update

The county has continued implementing programmes and project with direct impact to the residents, great efforts have been made in supporting farmers to produce transport and market their produce, while major gaps remain in ensuring that farmers properly benefit from their sweat, we are hopeful that the already initiated projects have continued to bear fruits leading among the project is support to the dairy industry, Avocado farmers support, irrigation projects, and manure project.

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FISCAL PERFORMANCE IN FY2016/2017 AND EMERGING CHALLENGES

The County 2016/2017 budget was prepared targeting to realize kshs 7,344,634,000 equitable share being Kshs 5,779,189,434,850 and Kshs million as locally generated revenues. On local revenue the realized budget as per the second quarter is as per the schedule below;

<u>YEAR</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>
<u>July-December</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
	<u>186,371,235</u>	<u>207,439,286</u>	<u>220,434,061</u>	<u>190,192,799</u>
<u>Increase/Decrease</u>	<u>=</u>	<u>21,068,051</u>	<u>12,994,775</u>	<u>-30241,262</u>
<u>% Growth</u>		<u>11.3%</u>	<u>6.2%</u>	<u>-13.7%</u>

<u>YEAR</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/17</u>
<u>Actual</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
	<u>419,989,717</u>	<u>562,227,534</u>	<u>617,697,615</u>	<u>700,000,000</u>
				<u>(projected)</u>
<u>Budgeted Local Revenue</u>	<u>800,000,000</u>	<u>850,000,000</u>	<u>850,000,000</u>	<u>850,000,000</u>

MACROECONOMIC POLICY FRAMEWORK AND MEDIUM-TERM OUTLOOK

External Environment

The global economic growth outlook remained subdued in 2016, though expected to recover gradually in 2017 and beyond. The new shocks to the outlook include: Britain's referendum result in favor of leaving the European Union; ongoing realignments among emerging and developing economies, such as adjustment of commodity exporters to a protracted decline in the terms of trade; slow-moving trends, such as demographics and the evolution of

productivity growth; as well as noneconomic factors, such as geopolitical and political uncertainty.

84. Global growth is estimated at 2.9 percent in the first half of 2016, slightly weaker than in the second half of 2015 and lower than the projected growth in the April 2016 World Economic Outlook. The forecasts for 2016 and 2017 are 3.1 percent and 3.4 percent, respectively.

Sub-Saharan

The IMF reports indicate the Sub-Saharan Africa to have recorded the lowest economic growth in 2016, the lowest in 20 years, “Sub-Saharan Africa’s growth in 2016 was the lowest in 20 years at about 1.5 percent, and is projected to reach only 2.7 per cent in 2017.

According to the report key commodity prices have fallen sharply while access to market financing has tightened. While there are recent signs that global growth may be picking up, there are still serious risks. These include rising protectionist sentiment.

Kenya’s Growth Prospects

According to Kenya Budget Policy Statement 2017 the economy has sustained its robust growth in the past decade supported by significant structural and economic reforms. The economy grew by 5.6 percent in 2015 compared to 5.3 percent growth in 2014. The economy further improved and grew at 6.2 percent in quarter two of 2016 up from 5.9 percent growth registered in quarter one of 2016 . This strong growth was supported by improved performance in agriculture, forestry and fishing (5.5 percent), mining and quarrying (11.5 percent), transport and storage (8.8 percent), electricity and water supply (10.8 percent), wholesale and retail trade (6.1 percent), accommodation and restaurant (15.3 percent) and information and communication (8.6 percent). Growth in other sectors, particularly manufacturing, construction, financial and insurance and real estate, though slightly lower compared to quarter two of 2015, remained robust.

County Growth Prospects

The County growth prospects appears a bit grim in 2016/17 given the current drought ravaging many of the neighboring counties, while normal rains are expected in April 2017 the economic loss to farmers will be substantial and there is a likely scenario of budget re-adjustments to raise finances for humanitarian interventions in form of foodstuff to affected families.

Risks to the Outlook

The risks to the economic outlook for 2017/18 and the medium-term include continued uneven and sluggish growth in advanced economies and a more protectionist approach to trade by the US may impact negatively on our exports and tourism activities this may in turn affect the level of economic activities and the National Government revenues sharable to counties.

Expenditure pressures, especially recurrent expenditures, continue to pose risk to the County's fiscal plans especially if not matched by corresponding increase in revenues.

Late disbursement of funds by the National Treasury unrealized targets on revenue collection making funds absorption targets levels not to be realized.

2017 elections mood may lower the level of compliance by business people in payment of taxes, fees and charges and this may cause a decline in local revenue collection.

III. POLICIES TO ACHIEVE MEDIUM TERM OUTLOOK

The 2017 Fiscal strategy paper is the fourth to be prepared by the County Government of Murang'a . It endeavors to outline the policies that will help achieve medium term outlook and also sets out the priority programmes of the County to be implemented through the Medium-Term Expenditure Framework (MTEF)

The broad strategic priorities and policy goals to guide the county in preparing its budget for the coming financial year and over the medium term remain embedded in the five strategic pillars that are outlined below, the pillars sets the framework for achieving accelerated social economic transformation, in the long-term. Each of the five pillars below is critical to county development agenda and resources will continue to be channeled towards their achievement.

- Pillar I: Investing in agricultural transformation through farmers training, extension services and farmers support, Value addition of agricultural produce and marketing of County products.

In line with this pillar the county has continued to roll out project that will change the dynamics and entrench agriculture as rewarding enterprise through value addition. In furtherance of this a number of initiatives are ongoing among them dairy value chain, mangoes, French beans and avocados.

- Pillar II: Roads and Infrastructure development and Rehabilitation, development of water distribution systems, and road network to enhance intra-county transport and syndication with neighboring counties.

We have continued channeling a lot of resources to this sector with a view to opening up the potential of the county. Road's construction and rehabilitation will continue being prioritized alongside domestic water provision and irrigation.

- Pillar III: Creating conducive business environment by maintaining friendly legislative environment, facilitate formation of producer's cooperatives and offer support to existing cooperatives. In addition, develop youth friendly economic initiatives to empower and provide sources of livelihood.

- Pillar IV: Investing in quality and accessible healthcare services, availing quality and timely social interventions by, rationalizing and upgrading health centers, rolling out mobile clinic and ambulance facilities and improving our response to local disasters. The operationalization of Kenol eye and dental hospital, Construction of Kirwara hospital, Murang'a Hospital Renal unit are among the many initiatives under this pillar.

Pillar V: Further entrenching devolution for better service delivery, enhanced social economic development, training, capacity building and adoption of new technologies, revitalizing Early Childhood Education Development centers and polytechnics

As outlined in the county planning framework, we shall continue to implement the priority programmes and projects. The MTEF allows for rolling over of programmes beyond one financial year where necessary due to time span requirements or financing constraints. We hope sectors and department will appreciate the flexibility offered by this implementation strategy and not attempt to implement all activities/programmes all at once.

Sectoral Priorities

The 2017/2018 budget expenditure priorities has been generated through a public participatory process that started with CIDP development and preparation of ADP. The draft budget estimates will further be subjected to public scrutiny to ensure that only project and programmes with high public demand are funded, below are the main highlights of programmes to be implemented in 2017/2018.

AGRICULTURE, LIVESTOCK AND FISHERIES

Low Productivity in Agriculture and Livestock

This sector contributes to the livelihood of over 80 per cent of the county residents. The main challenges include

- This Poor farming methods leading to soil erosion and Leaching
- High cost of farm inputs
- Deforestation;
- Unplanned quarrying and Sand harvesting;
- Poor drainage in some areas leading to soil acidity

- Overgrazing;
- Poor soil conservation methods
- Frequent drought
- High cost of AI services
- Unorganized livestock market
- Poor soil fertility.

To address the problems the County will continue implementing programmes that will help curb or mitigate against the already identified challenges. Specifically of food efforts will continue to be made to enhance extension support services, subsidize farm inputs and discourage further sub-division of land. Several irrigation projects already initiated will continue to be supported while extension services on food preservation, storage and marketing as well as animal production and health will be intensified.

Murang'a County has been regularly affected by livestock and crop disease outbreaks. Diseases such as foot and mouth and anthrax have affected and led to deaths of livestock and people in the county. The veterinary sub sector will continue to undertake farmer's education and vaccination drives. In summary the following programmes have been earmarked for funding;

- Cash Crop Development Program
- Food Security Program
- Livestock and Fisheries Development Program
- Veterinary services

FINANCE, IT AND ECONOMIC PLANNING

Challenges facing this sector include:

- Low awareness of the best practices in financial management
- Underdeveloped information and communication resources
- Inadequate planning skills

Strategies are underway to build capacity by implementing the following programmes

ICT Development programme

Financial Management programme

ENVIRONMENT

Environmental conservation and management is important to county development. The county will strive to ensure that the populace lives in a clean, secure and sustainable environment. Other interventions include; promoting environmental conservation; improving pollution and waste management; promoting Public-Private Partnership (PPP) to improve water distribution, sanitation and delivery. Specific strategies include promoting environmental conservation, improvement of pollution and waste management, public-private sector partnerships in environmental issues, improving efficiency in water and sanitation. Outstanding challenges to be addressed are;

- Low level of environmental conservation awareness
- Inappropriate industrial and farming practices locally and globally
- Limited training opportunities;
- Farmers intruding to the riparian zones;
- Weak community monitoring of environmental management activities;
- Weak enforcement of both NEMA and Forest Acts;
- Lack of early disaster warning system;
- Poor facilitation of environment and disaster management committees;
- Lack of climate change experts at county level
- Unreliable data;

The county has developed plans to counter many of the already identified challenges through implementation of the following programmes;

Waste Management Programme

Pollution Control Programme

Environmental Conservation Programme
Environmental Leadership and Governance

TRADE, INDUSTRY AND TOURISM

Though the county is agricultural rich Poor marketing systems continues to contribute to low incomes farmers receive for their produce in. Middlemen have been taking advantage of the poor marketing channels to exploit farmers. A number of cooperative societies have undergone long periods of mismanagement. A number of farmers produce animal and horticultural produce but lack proper and organized marketing. The following already started programme will continue to be implemented;

Trade and Industries Development Program
Consumer Protection and Agribusiness and Marketing program
Tourism Development Program
Milk Value Chain and other development programme

EDUCATION AND TECHNICAL TRAINING

In recent years the county has experienced declining standards of education due to various factors among them the following;

- Inadequate education facilities;
- Under developed education infrastructure;
- High dropout rates due to social economic problems

The county has developed measures that will continue being implemented to rejuvenate the sector in addition to programmes being rolled out by the National Government, of urgency is the need to rehabilitate ECDE centres and polytechnics while at the same time offering financial support to the disadvantaged. Other support including County Exams and primary school boarding facilities will continue receiving attention. Specifically, the following programmes will continue being implemented;

- Education intervention Programmes
- Youth Polytechnics & Vocational training
- Early childhood Development

INFRASTRUCTURE, TRANSPORT WATER AND ENERGY

well-developed road and infrastructure are critical to growth and development of all other sectors as this provide critical linkages for transporting goods and services. The county continues to face challenges among them;

- Poor intra-county road network and related infrastructure
- Increased demand for domestic and irrigation water;
- Insufficient water for irrigation;
- Decreasing levels of water in the rivers;
- High cost of developing gravity schemes and bore holes.

To overcome the listed challenges the county will continue to provide finance for the ongoing and additional projects within the highlighted programmes as below;

- Water development programme
- Road Development programme programme
- Market & Urban Development programme
- Energy Development programme

LANDS, HOUSING AND PHYSICAL PLANNING

The Muranga County Spatial Plan will provide the needed overall integrated spatial framework for coordinating the various development efforts by different agencies so as to have sustainable development within the county.

Existing challenges include;

- Lack of spatial distribution of County resources data

- No existing data on fragile ecosystems and intervention plans for their protection and conservation;
- No integrated spatial framework to guide the sustainable utilization of the regional resources and to bring services closer to the people.

The following programmes will be implemented in the financial year 2016/2017

- Estate management and Housing programme
- Land valuation and administration programme
- Land survey and GIS programme
- Development control and planning programme
- Urban development

HEALTH AND SANITATION

The county population has continued suffering from inadequate access to quality Health care services due to myriad of factors among them;

- Lack of drugs in hospital and health centres
- Low awareness on health living
- Long distances to health centres
- Inadequate or lack of specialized medical equipments

Plans have been developed to improve the management of health services by implementing the following programmes.

- Curative health Programme
- Promotive and services programme
- Medical equipment and health Infrastructure support programme
- Health administration planning and support programme
- Public Health and sanitation programme
- Alcoholic drinks control and management programme

DEPARTMENT OF SOCIAL SERVICES

This sector has continued to reel under various challenges as listed below

- Un employment
- drug and substance abuse
- negative Peer pressure and idleness
- Gender inequalities in resource allocations and leadership.
- HIV and AIDS
- Dilapidated cultural sites

In overcoming the challenges, the sector has plans to implement the following programmes

- Cooperative Development programme
- Sport Development programme
- Culture Development programme
- Social Development programme
- Youth Empowerment programme

PUBLIC SERVICE AND ADMINISTRATION

The sector is mandated with management of human resources within the county general coordination and the dissemination of national values as provided in the constitution.

- The existing challenges include;
low employee morale
- Inadequate staff capacity

The sector will undertake the following programme in an effort to improve;

- County Executive Coordination
- Human Resource management and devt

- National Value and Governance
- County Public administration

IV. BUDGET FOR THE FY2017/18 AND THE MEDIUM TERM

2017/2018 FISCAL FRAME WORK

The 2017/2018 budget will be prepared based on priorities as set out in the CIDP, Annual Development Plan 2017-2018.

The expenditures shall be matched with revenues to give a balanced budget with no anticipated borrowings above what is allowed for cash flow management.

Revenue collection projections

The 2017/2018 budget will target revenue collection of ksh 750 million and the Equitable County allocation of about kshs 6,192,118,512. The total local revenue collection and the disbursement from the National Government combined will be expected to raise ksh. 7,341,286,569. Below is tabulation on revenues projection and growth in the medium term

Year	2013/2014	2014/2015	2015/2016	2016/2017
Local Revenue Actuals	Kshs 419,898,717	Kshs 562,227,534	Kshs 617,697,615	Kshs 750,000,000 (projected)
Equitable Share Actuals	Kshs 3,917,437,529	Kshs 4,560,157,000	Kshs 5,355,997,309	Kshs 6,075,714,168
Total	Kshs 4,337,336,246	Kshs 5,122,384,534	Kshs 5,973,694,924	Kshs 6,825,714,168

Year	2017/2018	2018/2019	2019/2020
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Local Revenue	Kshs 750,000,000 (projected)	Kshs 800,000,000	Kshs 850,000,000
Equitable Share	Kshs 6,192,118,512	Kshs 6,500,000,000	Kshs 6,800,000,000
Total	Kshs 6,942,118,512	Kshs 7,300,000,000	Kshs 7,650,000,000

Other Transfers

As per the Budget Policy Statement, Murang'a county allocation in the year 2017/2018 is as per the table below;

ITEM	2016/2017	2017/2018
Equitable Share	5,779,189,434	6,192,118,512
Conditional allocation for maternal health	78,828,699	64,789,738
Allocation for leasing medical	95,744,681	95,744,681
Share of Road Maintenance fund	88,797,208	163,012,500
user fees	20,749,146	20,138,691
Loans and Grants	0	55,482,447
Total Allocation	6,063,309,168	6,591,286,569

Expenditure Forecasts

In 2017/2018, overall expenditures are projected to be about ksh. 7 billion. The County will prepare a balanced budget. Departmental expenditures will be as proposed by users and stakeholders but within the approved sector ceilings.

FINANCIAL RESOURCES ALLOCATION CEILINGS

The 2017/2018 budget will be guided by the below resource envelop for Sectors/departments, it is to be noted that the National Treasury and the CRA ceiling will guide on the County Assembly allocation.

DEPARTMENT	TOTAL BUDGET	2016/2017 BUDGET % ALLOCATION	2017/2018 BUDGET PROPOSED % ALLOCATION	2018/2019 BUDGET % ALLOCATION	2019/2020 BUDGET % ALLOCATION
		Kshs(000)	Kshs(000)	Kshs(000)	Kshs(000)
Office of the Governor and Deputy Governor	229,089,900	3.3	3.3	3.3	3.3
County Assembly	694,211,860	10%	10%	10%	10%
Finance ICT and Planning	319,337,450	4.6%	4.6%	4.6%	4.6%
Agriculture Livestock and fisheries	360,990,160	5.2%	5.2%	5.2%	5.2%
Energy Transport and Infrastructure Development	1,548,092,430	22.3	22.3	22.3	22.3
Commerce, Trade, Industry,	48,594,830	0.7%	0.7%	0.7%	0.7%

Tourism and Cooperative Development					
Health and Sanitation	1,916,024,732	27.6%	27.6%	27.6%	27.6%
Land Housing and Physical Planning	62,479,070	0.9%	0.9%	0.9%	0.9%
Public Service and Administration	867,764,800	12.5%	12.5%	12.5%	12.5%
Education and Technical Training	548,427,360	7.9%	7.9%	7.9%	7.9%
Youth, Culture Gender, Social Services and Special Programs	277,684,740	4%	4%	4%	4%
Environment and Natural Resource	41,652,710	0.6%	0.6%	0.6%	0.6%
County Public Service Board	27,768,470	.04%	.04%	.04%	.04%
<u>TOTAL COUNTY BUDGET</u>	<u>6,942,118,512</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

DEPARTMENT	2016/2017		2017/2018		TOTAL Kshs(000)
	TOTAL BUDGET	% ALLOCA TION	RECCUREN T	DEVELOP MENT	
	Kshs(000)		Kshs(000)	Kshs(000)	
Office of the Governor and Deputy Governor	224,400	3.3%	-		
County coordination			187,400	0	187,400
Enforcement and Compliance			17,000	0	17,000
Disaster Control			10,000	0	10,000
Policy Formulation and Audit			10,000	0	10,000
			224,400		224,400
County Assembly	690,000	10%			
legislation and representation			252,000	0	252,000
Oversight			208,000	0	208,000
Administration and support			230,000	0	230,000
			690,000		690,000
Finance ICT and Planning	312,800	4.6%			

ICT Development programme			20,920	0	20920
Financial Management programme			5,225		5,225
Administration and support			256,655	30,000	286,655
			282,800	30,000	312,800
Agriculture Livestock and fisheries	353,600	5.2%			
Cash crop Development			16,800	35,000	51,800
Promotion of food security programme			9,995	39,255	49,250
Livestock and Fisheries Development			5,250	40,000	45,250
Veterinary Services			6,300	25,000	31,300
Agricultural Training Centre-Mariira			21,000	5,000	26,000
Administration and support			150,000	0	150,000
			209,325	144,275	353,600
Energy Transport and Infrastructure Development	1,516,400	22.3%			

Administration and support			50,000	0	50,000
Water development			5,000	500,000	505,000
Road Development programme			22,000	700,000	762,000
Market & Urban Development programme			20,000	188,400	168,400
Energy Development programme			1,000	30,000	31,000
			98,000	1,418,400	1,516,400
Commerce, Trade, Industry, Tourism and Cooperative Development	68,000	1%			
General Administration and support			21,000	0	21,000
Trade and Industries Development Program			10,000	0	10,000
Programme 3: Consumer Protection			7,000	0	7,000
Tourism development and management			10,000	0	10,000
Agribusiness and marketing			10,000	10,000	20,000

			58,000	10,000	68,000
Health and Sanitation	1,836,000	27%			
Curative health Programme			200,000	132,118	
Health Infrastructure			5,000		
Health administration planning and support programme			1,560,000	53,000	
Public health and sanitation services			12,000		
Alcoholic Programme			6,000		
			1,783,000	185,118	1,836,000
Land Housing and Physical Planning	61,200	0.9%			
Estate management and Housing programme			2,000		2,000
Land valuation and administration programme			2,000		2,000
Land survey and GIS programme			2,000	23,200	25,200
Development control and planning programme			2,000		2,000
Administration and Support			30,000		30,000

			38,000	23,200	61,200
Public Service and Administration	850,000	12.5%			
General Administration programme			850,000	0	850,000
Education and Technical Training	537,200	7.9%			
Education intervention Programmes				105,000	105,000
Youth Polytechnics & Vocational training			50,000	35,000	85,000
Early childhood Development			180,000	150,000	330,000
Administration and Support			17,200	0	17,200
			247,200	290,000	537,200
Youth, Culture Gender, Social Services and Special Programs	272,000	4%			
Cooperative Development programme			42,000	52,000	94,000
Sport Development programme			32,000	0	32,000

Culture Development programme			6,000		6,000
Youth Empowerment programme			3,000	20,000	23,000
Gender Empowerment			3,000	20,000	23,000
Social Development			12,000	0	12,000
Administration and Support			82,000	0	82,000
			180,000	92,000	272,000
Environment and Natural Resource	61,200	0.9%			
Administration and support			12,000	0	12,000
Waste Management Programme			15,000	30,000	45,000
Pollution Control Programme			1,000	0	1000
Environmental Conservation Programme			2,000	0	2,000
Environmental Leadership and Governance			1,200	0	1,200
			31,200	30,000	61,200
County Public Service Board	27,200	0.4%			

Human resource Management and Development			11,000		11,000
National Value			2,200	0	2,200
General Admn and Support			12,000	2,000	14,000
			<u>25,200</u>	<u>2,000</u>	<u>27,200</u>
<u>TOTAL COUNTY BUDGET</u>	<u>6,942,118,512</u>	<u>100%</u>	<u>4,717,125</u>	<u>2,092,875</u>	<u>6,810,000</u>

Fiscal Responsibility Principles

In line with the Constitution, the new Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. The PFM Act Section 107 provides that;

- 1) Over the medium term, a minimum of 30 percent of the national and county budgets shall be allocated to development expenditure
- 2) The national government 's expenditure on wages and benefits for public officers shall not exceed a percentage of the County government revenue as prescribed by the regulations.
- 3) The county government 's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government 's total revenue as prescribed by the County Executive member for Finance in regulations and approved by the County Assembly.
- 4) Over the medium term, the national and County government 's borrowings shall be

used only for the purpose of financing development expenditure and not for recurrent expenditure.

- 5) Public debt and obligations shall be maintained at a sustainable level as approved by county assemblies for the County Governments.
- 6) Fiscal risks shall be managed prudently; and
- 7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

Compliance with Fiscal responsibility

The County will continue to undertake measures to enhance compliance with fiscal responsibility principles. Among the urgent reforms being initiated include;

Proper planning and expenditure management occupy a central role in ensuring the county continue to offer quality services effectively and economically, the county has continued to allocated resource to areas that have the greatest impact, we have also ensured a sustained allocation of more than 30% to development programmes.

Our wage bill remains reasonably high but within the parameters set by the PFM regulations, it currently stands at 35% of the budget.

Deficit Financing and Borrowing Policy

The County Treasury will continue thoroughly matching revenue to expenditures and it's not anticipated that the County will prepare budgets that are principally deficit budget. t. There exist no plans to engage in borrowing within the short term other than what can be purely for cash flow management but within the provision of section 142 of the PFM Act.

Stringent measures are being implemented to ensure that budget implementation plans

are rigidly linked to cash flow so as to avoid situations where normal supplies balances can accumulate to unmanageable levels. At the moment the county has no existing loans and debts other than pending supplier's bills which currently amounts to about Kshs750 million and will continue to be settled as the budget is implemented.

CONCLUSION

As we near the completion of the first electoral term of devolution and the CIDP cycle we need to take stock of the gains made in the delivery of service to the people of Murang'a. It's imperative that we channel the bulk of resource to finalizing the partly done but incomplete project such that value for money is achieved, by doing so we will not only move our county forward but also make every Kenyan proud of devolution.

