



# **MURANG'A COUNTY DEBT MANAGEMENT STRATEGY PAPER 2025**

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The County Debt Management Strategy Paper is prepared in accordance with section 123 of the Public Finance Management Act 2012, which requires its submission to the County Assembly on or before 28<sup>th</sup> of February of each financial year.

The Debt Management Strategy paper outlines the debt management strategy of the County Government over the medium term with regard to its actual loan liability, potential liability, and its plans for dealing with liabilities.

Murang'a County Government has been financing its annual budgets from equitable share, local revenue and grants. For the fiscal year 2024/2025 budget, we intend to continue preparing a balanced budget based on revenues aforementioned without factoring any external debts (loans).

## **LONG TERM DEBT**

The County Government is permitted under section 58 (1) of the PFM Act 2012 to borrow for its long-term financing. However, the County does not intend to engage in long-term borrowing in the 2024/25 financial year and in the medium term.

## **SHORT TERM BORROWING**

The County Government is permitted to borrow, with the approval of the County Assembly, on short-term basis and for cash management purposes. This is in accordance with Sec. 142(1) of the PFM Act 2012, which provides that such borrowing should not exceed five percent of the most recent audited revenues of the county.

The County Government shall ensure that money borrowed for cash management purpose shall be repaid within a year from the date on which it was borrowed.

## **PENDING BILLS**

The verified historical pending bills as at 30<sup>th</sup> June 2022 were Kshs. 661,076,764.

The County has settled these outstanding bills to the tune of Kshs. 564,267,010.90 Leaving a balance of Kshs. 96,809,753.10. The County budgeted for these debts as a first charge. As such, the County intends to settle this debt in this financial year.

In the Year 2023/2024, the County Government accumulated pending bills of Kshs. 1,589, 769, 805.22. However, the County has settled Kshs. 727,754,554.98 leaving a balance of Kshs. 862,015,250.24 as at February 27, 2025. This will also be settled by the end of the financial year.

This debt is broken down as follows per department;

S/ N O	DEPARTMEN T	DEVELOPM ENT	RECURRENT	TOTAL	AMOUNT PAID	OUTSTAND ING BALANCE
1	ADMINISTRA TION	-	26,113,881.16 0	26,113,881.16 0	7,422,095.0 00	18,691,786.1 60
2	AGRICULTUR E/ LIVESTOCK	22,105,000. 000	1,480,830.00 0	23,585,830.0 00	10,790,000. 000	12,795,830. 000
3	EDUCATION	-	20,652,928.0 00	20,652,928.0 00	18,152,928. 000	2,500,000.0 00
4	FINANCE	-	8,852,823.00 0	8,852,823.00 0	462,000.00 0	8,390,823.0 00
5	HEALTH	24,514,590. 000	119,191,225.2 00	143,705,815. 200	91,605,304. 000	52,100,511.2 00
6	INFRASTRUC TURE	132,690,148 .060	1,144,548.80 0	133,834,696. 860	133,834,696 .860	-
7	ICT/PSA	13,400,000. 000	22,010,392.0 00	35,410,392.0 00	13,400,000. 000	22,010,392. 000
8	LANDS/HOUS ING	-	1,143,180.000	1,143,180.000	-	1,143,180.00 0
9	MEDIA	-	1,440,720.00 0	1,440,720.00 0	-	1,440,720.0 00
10	CPSB	-	69,600.000	69,600.000	-	69,600.000
11	TRADE/ COOPERATIV ES	22,583,043. 000	18,790,597.7 20	41,373,640.7 20	563,547.70 0	40,810,093. 020
12	WATER/ ENVIRONME NT	23,966,056. 000	2,979,724.00 0	26,945,780.0 00	19,369,416. 000	7,576,364.0 00
13	YOUTH	9,917,490.0 00	8,791,576.00 0	18,709,066.0 00	4,917,600.0 00	13,791,466. 000
14	KRA	-	100,000,000. 000	100,000,000. 000	24,000,000. 000	76,000,000. 000
15	STAFF SALARY DEDUCTION S	-	578,847,252. 860	578,847,252. 860	-	578,847,25 2.860

16	JUNE 2024 STAFF SALARY	-	371,609,822. 420	371,609,822. 420	371,609,822 .420	-
17	STAFF ALLOWANCE S	-	49,322,377.0 00	49,322,377.0 00	23,475,145. 000	25,847,232. 000
18	CHP'S ALLOWANCE S	-	8,152,000.00 0	8,152,000.00 0	8,152,000.0 00	-
	<b>TOTAL</b>	<b>249,176,327 .060</b>	<b>1,340,593,47 8.160</b>	<b>1,589,769,80 5.220</b>	<b>727,754,55 4.980</b>	<b>862,015,250 .240</b>

*Table 1: Status of pending bills as at 27<sup>th</sup> February 2025.*

### UNRECONCILED PENDING BILLS

- |      |                                |                      |
|------|--------------------------------|----------------------|
| i.   | KCB salary balances            | Kshs. 106,055,802.81 |
| ii.  | KRA                            | Kshs. 56,000,000     |
| iii. | Pension, penalties & interests | Kshs. 1,408,099,348  |

### FUTURE OUTLOOK

The County Government has put in place measures to ensure that it does not accumulate pending bills in the future. These measures include:

- I. The County Government has undertaken a revenue automation program in all revenue streams. This has curbed revenue leakages and assisted the County in optimizing revenue collection. From the foregoing, the County will likely realize the set revenue target of Ksh. 1.6 billion
- II. The County Government is undertaking effective project planning, monitoring, and management to ensure projects are completed within the stipulated period. This will avoid unplanned project rollovers and changes in the scope of projects beyond the budgeted amounts. This can lead to the accumulation of unforeseen pending bills.
- III. Asset-debt swapping initiatives with institutional creditors. This will entail the transfer of tangible assets, such as real estate or equipment, and will be undertaken through legal agreements that clearly define the assets being exchanged, the value of the debt, and the terms of the swap. A professional valuation will also be undertaken to determine the fair market value of the assets.
- IV. Engaging with institutional bodies to waive interests and penalties.



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