

THE 2017/2018 HALF YEAR BUDGET IMPLIMENTATION REPORT

Introduction

The Financial year 2017/2018 approved for Mandera County is Kshs **12,323,627,733**. It made up of Kshs **6,120,073,973** for recurrent expenditure and **6,203,533,760** for Development. This is nearly 50% recurrent and 50% development. In order to finance the budget, we expect to get Kshs. 10,361,865,543 equitable share of revenue allocated by Commission on Revenue Allocation, Local revenue of Kshs. 231,000,000 and various conditional grant in amount of Kshs 653,963,173. Further Kshs 1.076 billion relates to projects brought forwards from 2016/2017 financial year.

The table summarizes county revenues for FY 2017/18 budget

	2016/2017	2017/2018
Revenue summary By Sources	Kshs	Kshs
Equitable share of Revenue	9,663,203,837	10,361,865,543
Local Revenue Collections	265,643,516	231,000,000
Danida Funds to Rural Health facilities	7,310,000	14,620,000
World Bank Funding for Health sector - Result Based Financing	42,477,798	42,477,798
World Bank/Japan Funding for Health sector - Transforming Health care - Universal Health	-	50,000,000
Danida Funding for Health sector - Transforming Health care - Universal Health (new funding)	-	14,620,000
Road Maintenance Fuel Levy (Conditional Grant)	148,476,828	271,489,957
Kenya Devolution Support Program	39,304,000	39,304,000
Free Maternity Reimbursement (Conditional Grant)	55,335,158	51,729,085
Foregone user fees in Health Facilities in rural Area (Conditional Grant)	15,521,730	25,474,920
Unspent Fund for Ongoing Projects from the previous FY (Unreleased funds by the exchequer)	1,783,413,954	1,076,799,017
Unspent fund from Recurrent Budget for 2016/2017 Financial Year	-	50,000,000
Free Maternity from previous years captured in the supplementary budget that was not passed	-	14,005,000
Danida Funds from 2015/2016 reflected in the supplementary that was not passed	-	14,620,000
Unspent Amount b/f (under stated in 2016/2017 budget)	-	15,622,413
World Bank/Japan Funding for Health sector - Transforming Health care - Universal Health from FY 2016/2017	-	50,000,000
Total	12,020,686,821	12,323,627,733

Source: Mandera County Treasury

Resource allocation among the ministries

Table shows the breakdown of county's budget per ministry.

2017/2018 BUDGET SUMMARY	2017/2018 Departmental Allocations		
Departments	Recurrent Expenditure	Developments Expenditure	Total Departmental Allocation
Ministry of Agriculture Livestock and Fisheries	214,833,570	452,986,692	667,820,262
Ministry of Education, Culture and Sports	538,917,864	287,798,144	826,716,008
Ministry of Gender, Youth and Social Service	98,590,712	58,200,000	156,790,712
Ministry of Finance	730,152,899	355,916,847	1,086,069,746
Ministry of Health Services	1,416,575,759	644,134,722	2,060,710,481
Ministry of Trade, Investments Industrializations and Cooperative Development	47,053,843	351,429,442	398,483,285
County Assembly	853,295,684	96,674,818	949,970,502
Lands, Housing and Physical Planning	78,698,478	304,733,094	383,431,572
Office of the Governor and Deputy Governor	388,117,906	-	388,117,906
County Public Service Board	57,161,652	-	57,161,652
Ministry of Public Service, Management and Devolved Unit	1,061,963,004	255,504,796	1,317,467,800
Public Works Roads and Transport	116,929,906	2,124,322,166	2,241,252,072
Ministry of Water, Environment and Natural Resources	517,782,696	1,271,853,040	1,789,635,736
GRAND TOTAL	6,120,073,973	6,203,533,760	12,323,627,733

Source: Mandera County Treasury

As shown in table, the county assembly passed a total budget of Kshs 12.323 billion across all spending units in the period under review. The table analyses this budget inform of recurrent and development.

Notable projects in each ministry's development budget are discussed below:

3.3.2.1 Health Services sector:

A bulk of this ministry's development budget was allocated to finance already ongoing projects. However, new projects to be implemented in this financial year include: Accident and Emergency for Elwak and Mandera County Referral Hospital at a cost of 157m, Eye equipment for 6 sub County Hospitals at 30m, Dental equipment for 6 Sub County Hospitals (30m) and construction of 6 new dispensaries at a cost of 35m. new theatres will also be constructed at Dandu and Takaba sub county hospitals at a cost of 23m each. There will also

be construction of water infrastructure for MCRH at a cost of 30m as well as administration block.

3.3.2.2 Water, Energy and Natural Resources sector:

Like in the previous two financial years, allocation for ongoing projects has taken a big chunk of this ministry's development budget. Out of a development budget of 1.271 billion, only an amount of 379 million will go towards financing new development projects. Some of the new projects include: Extension of Elwak water distribution system at a cost of 20m, water supply to Mandera TTI (20m), drilling & equipping of boreholes in Banisa and Mandera west at 27m and construction of 20,000m³ earth pans in Mandera West, Kutulo and Banisa sub counties at a cost of 10m each.

3.3.2.3 Roads, Public works and transport Sector:

This ministry received a total development budget of 2,124,322,166 shillings. Over 90% of this investment budget went towards completion of already ongoing projects from previous financial years. Some of those projects include: tarmacking of Mandera Town roads with a cumulative budget of about 1.04 billion, settlement of pending bills at 158m and completion of County Headquarter at a cost of 40m.

3.3.2.4 Agriculture, Livestock and Fisheries:

This ministry received total budget of Kshs.667,820,262 of which Kshs 452,986,692 was for development. Some of the major projects to be implemented in this year include: construction of Rain fed farms infrastructure development in six sub counties at a cost of 21m, flood control in Aresa and Neboi at a cost of 12m and Repair and fencing of slaughter house in six sub counties at a proposed cost of 13m.

3.3.2.5 Ministry of Genders, Culture and Social Services

This ministry was allocated a total budget of 156,790,712 shillings. Some of its key projects in the year under review include Setting up one children's home in Mandera East at 20m, Mandera County rehabilitation center at 20m and construction of Persons with disabilities' resource center at a cost of 12m.

3.3.2.6 Trade, Industrialization, investment and Co-operatives development:

In the year under review, the ministry was allocated Kshs 398,483,285, of which 351,429,442 was for development and 47,053,843 was for recurrent. Major projects to be implemented in the FY 2017/18 include Mandera County Trade Development Fund 60.2m, Non-Interest bearing Co-operative Societies Fund in the 30 wards of Mandera County 20m and Fencing of the old Mirra Market and ablution block at 15m.

3.3.2.7 Ministry of Education, Culture and Sports:

This ministry had a development budget of Kshs 287,798,144. Major projects include

Mandera Technical Training Institutes 2 workshops 60m and settlement of pending bills at 57.8m.

3.3.2.8 Ministry of Public Service and Devolved Units:

A bulk of this ministry's budget was for recurrent activities. However a budget of Ksh 255,504,796 was allocated for development initiatives. Some of its development projects include construction of sub county headquarters for Kutulo and Elwak at 40m each, Purchase of 1 Fire Fighters Vehicle 46.2m and purchase of sanitation equipment at a cost of 30m.

3.3.2.9 Land, Housing and physical planning sector:

This ministry was allocated a budget of Kshs 383,431,572. Kshs 304,733,094 was for development. Some of its projects include Completion of Cadastral survey for Mandera town, Elwak and Kutulo 72.4m and Construction of sub-county land office-Elwak at a cost of 20m.

3.3.2.10 Finance and Economic Planning sector:

The ministry was allocated Kshs **1,086,069,746** which was composed of Kshs 730,152,899 on recurrent and Kshs 355,916,847 for development. Most of this ministry's recurrent are Kshs 210m on relief food and 200 on County emergency fund. For development budget, the bulk of the fund is allocated for the construction of IDP Housing (Kshs 300m).

Revenue Performance for the first half of the financial year

Local Revenue

The table below shows the local revenue performance for the first six months of FY 2017/2018

MINISTRY	DETAILS	Total for Quarter 1	Total for Quarter 2	GRAND TOTAL FOR HALF YEAR
Ministry of Lands	Land Rent	1,258,700	1,789,100	3,047,800
	Land Transfer	376,274	5,000	381,274
	Building Plans Approval Fees	59,000	179,850	238,850
	Ownership Certificate	0	10,500	10,500
Agriculture and Livestock	Slaughter Fees	828,260	679,450	1,507,710
	Livestock Market	289,100	486,200	775,300
	Livestock Movement	263,960	322,100	586,060
	Market Cess	1,165,360	1,542,540	2,707,900
	Agricultural Cess	47,000	359,500	406,500
	Agricultural Produce Cess	33,000	4,000	37,000
	Mkoma Product Cess	93,600	0	93,600
Ministry Trade, Industrializations and Co-operatives	Miraa Cess	1,000,000	14,000	1,014,000
	Buspark Fees	30,400	71,930	102,330
	Boda Boda	97,000	29,300	126,300
	Taxi Parking Fees	79,000	65,920	144,920
	Single Business Permit	756,000	223,700	979,700
	Mirra Dashes	0	34,200	34,200
	Barrier Fees	1,077,155	2,799,780	3,876,935
	Quarry Cess	141,850	0	141,850
	Sand /Blast Cess	164,150	199,700	363,850
Ministry of Water	Water Cees	0	2,900	2,900
Ministry of Health Services	Hospital Cost Sharing Fees	640,830	1,962,485	2,603,315
	Public Health	42,300	1,163,794	1,206,094
	Education Fees	30,000	51,300	81,300
	GRAND TOTAL	8,472,939	11,997,249	20,470,188

Source: Mandera County Treasury

As shown in the table above, the county's local revenue performance is extremely disappointing standing at mere 9% for the first half of the year. This is largely due to the prolonged electioneering period and the drought that was hurting the county. The county was only able to achieve 9% of local revenue targets for the first half of FY 2017/18. This performance is unsatisfactory and requires major efforts to reverse it.

Exchequer and Other Conditional Grant Releases

In Quarter 1, the County did not receive any exchequer release from the National Treasury except Kshs 177,957,526 which was Road Maintenance levy fund (RMLF). This is a conditional grant.

In Quarter 2, the County received two releases (in November) inform of equitable sharable revenue from National Treasury and two small conditional grants from World Bank. The table below summarizes this.

REVENUE PERFORMANCE FOR Q1 AND Q2 (Actual Money received)

VARIOUS REVENUE SOURCES	2017/2018 approved Budget	Quarter 1	Quarter 2	GRAND TOTAL FOR HALF YEAR
Revenue summary	Kshs	Kshs	Kshs	Kshs
Equitable share of Revenue	10,361,865,543	-	1,363,530,000	1,363,530,000
Local Revenue Collections	231,000,000	8,472,939	11,997,249	20,470,188
Road Maintenance Fuel Levy (Conditional Grant)	271,489,957	177,957,526	-	177,957,526
Kenya Devolution Support Program	39,304,000	-	25,857,016	25,857,016
Unspent fund from Recurrent Budget for 2016/2017 Financial Year	50,000,000	-	50,000,000	50,000,000
Total	10,953,659,500	186,430,465	1,451,384,265	1,637,814,730

Source: County Treasury

These delays are unprecedented and have impacted the budget implementations by the ministries. In fact were it not for the balance brought forward from the previous financial year, the county wouldn't have been able to operate. The National Treasury attribute this delays in the Kenya Revenue Authority not meeting its revenue target due to the long electioneering period resulting in cash flow crisis for the entire Country.

Expenditure Performance

Due to the disruptive impact of the prolonged electioneering period and delays in the release of funds by the National Treasury, the county's budget execution for the first six months of the financial year has not been satisfactory standing at mere 37%.

a) Recurrent expenditure performance

The table below analyses recurrent expenditure performance by ministries.

MANDERA COUNTY RECURRENT PERFORMANCE THE FIRST HALF OF 2017/18					
Departments	Approved Budget for FY 2017/18	Total Q1 Expenditure	Total Q2 Expenditure	Total for Half year	% Absorption
Agriculture Livestock and Fisheries	214,833,570	36,518,521	43,063,208	79,581,729	37%
Education, Culture and Sports	538,917,864	62,286,472	74,756,268	137,042,740	25%
Gender, Youth and Social Service	98,590,712	6,460,793	30,099,856	36,560,649	37%
Finance	730,152,899	104,634,229	148,664,882	253,299,112	35%
Health Services	1,416,575,759	265,213,521	406,769,258	671,982,779	47%
Trade, Investments Industrializations and Cooperative Development	47,053,843	8,424,428	9,130,328	17,554,756	37%
Lands, Housing and Physical Planning	78,698,478	14,961,136	19,076,210	34,037,346	43%
Office of the Governor and Deputy Governor	388,117,906	75,964,625	85,677,120	161,641,745	42%
County Public Service Board	57,161,652	11,705,078	14,931,364	26,636,442	47%
Public Service, Management and Devolved Unit	1,061,963,004	238,494,593	189,109,147	427,603,740	40%
Public Works Roads and Transport	116,929,906	16,070,369	27,306,716	43,377,085	37%
Water, Environment and Natural Resources	517,782,696	38,723,658	121,419,590	160,143,248	31%
Sub-Total For Executive	5,266,778,289	879,457,424	1,170,003,947	2,049,461,371	39%
County Assembly	853,295,684.00	73,679,924	118,479,754	192,159,678	23%
Sub-Total For Assembly	853,295,684.00	73,679,924	118,479,754	192,159,678	23%
		-	-		-
GRAND TOTAL	6,120,073,973	953,137,348	1,288,483,701	2,241,621,049	37%

Source: County Treasury

The overall performance for the county's recurrent budget stands at 37%. Ministry of health recorded the highest recurrent expenditure performance of 47%. The county assembly had the

lowest performance in this category at 23%. This is because the Assembly was not in operation for the month of July and part of August. Funds totaling Kshs 2,241,621,049 was spent across all the 13 spending units of the county government. Absorption of recurrent budget is expected to improve in the second half of the financial year so that the county will be in good position to exhaust its recurrent budget within the financial year.

In terms of expenditure items, the following table summarizes the key expenditure items at the executive level.

Major Categories of Recurrent expenditure	Quarter 1	Quarter 2	Total
Personnel cost	501,842,123	602,210,548	1,104,052,671
Emergency Relief Food	32,311,060	75,000,000	107,311,060
Domestic and foreign Travel	23,463,280	21,463,280	46,926,561
Water Trucking, Borehole repair, Fuel and motor Vehicle repair	15,700,950	60,063,388	75,764,338
Office running cost	17,535,832	20,535,832	35,071,664
Grants to hospitals	15,450,532	15,450,532	30,901,064
Insurance	139,000,000	-	139,000,000
Legal Services	20,000,000	-	20,000,000
Office utility	5,989,078	5,989,078	11,978,156
Agriculture and Livestock programs	9,682,772	9,682,772	19,365,544
Grants to Poly techniques	2,239,222	2,239,222	4,478,444
Pharmaceutical supplies	-	61,770,598	61,770,598
Various Hospital programs	-	11,900,000	11,900,000
Ambulance Lease	-	17,887,110	17,887,110
Rental	-	39,660,653	39,660,653
Environmental Program	-	16,177,583	16,177,583
County Assembly	73,679,924	118,479,754	192,159,678
Other Operational and Maintenance Cost	96,242,575	210,973,351	307,215,926
TOTAL	953,137,348	1,288,483,701	2,241,621,049

Source: County Treasury

Development expenditure

For the first half of the current financial year, the county's development expenditure stands at Kshs 675,094,040. This was 11% of the development budget. Ministry of Trade was the highest at 20% followed by Health at 18%, Roads and Public 15% and water at 13%.

All other spending units haven't spent any funds in their development budget. This largely due to the facts that for the six months period under review, County Government had received funds for only two months from National Treasury in terms of equitable share of revenue amounting **Kshs 1,363,530,000** instead of **Kshs 5.19 billion**. Despite this low performance, development expenditure is expected to pick in the second half of the financial year as the county receives more funds in its CRF account.

The table below analyses development expenditure in the first six months of FY 2017/2018.

MANDERA COUNTY GOVERNMENT:FIRST 6 MONTHS DEVELOPMENT EXPENDITURE 2017/18 FINANCIAL YEAR				
Departments	2017/2018 approved Budget	Q1	TOTAL Q2	% Absorption
Agriculture Livestock and Fisheries	452,986,692	-	-	0%
Education, Culture and Sports	287,798,144	-	-	0%
Gender, Youth and Social Service	58,200,000	-	-	0%
Finance	355,916,847	-	-	0%
Health Services	642,934,722	-	113,765,057	18%
Trade, Investments Industrializations and Cooperative Development	351,429,442	-	71,402,317	20%
Lands, Housing and Physical Planning	304,733,094	-	-	0%
Public Service, Management and Devolved Unit	255,504,796	-	7,200,000	3%
Public Works Roads and Transport	2,124,322,166	-	311,668,202	15%
Water, Environment and Natural Resources	1,271,853,040	-	171,058,464	13%
Sub-Total For Executive	6,105,678,943	-	675,094,040	11%
County Assembly	96,674,817.55	-	-	0%
Sub-Total For Assembly	96,674,817.55	-	-	0%
GRAND TOTAL	6,202,353,760	-	675,094,040	11%

Source: County Treasury

Other factors responsible for low absorption rate include;

- Slow and cumbersome tendering process
- Limited capacity of the contractors in terms of completing woks in time.
- Technical and capacity challenges in application of IFMIS
- Delays in approval of request for funds by office of controller of budget

- In terms of itemized expenditure, the following table summarizes the key expenditure items at the ministry level.

Ministries	Projects details	Amount in Kshs
Ministry of Water, Energy, Environment and Natural Resources	70,000M3 Mega dam on Lag Kutulo at Kutulo (Mandera south) - Balance	5,000,000
	Falama Water Projects and others	157,544,464
	Other small projects	8,514,000
Ministry of Roads, Transport and Public works	Proposed Constructions of Domal -Murutho Road (36km)	24,000,000
	Mandera Town Road - Tarmac	200,000,000
	Constructions of Lafey - B9 Road	34,165,934
Ministry of Trade, Industrialization and Co-op Development	Other small projects	2,276,000
	Elwak SME Park (Elwak Market) on-going	69,126,317
Others	Others Smaller projects	174,467,325
		675,094,040

Source: County Treasury