REPUBLIC OF KENYA **COUNTY GOVERNMENT OF MANDERA**

OFFICE OF THE COUNTY EXECUTIVE COMMITTEE
FINANCE AND ECONOMIC PLANNING

COUNTY BUDGET REVIEW AND OUTLOOK PAPER (CBROP)

SEPTEMBER, 2024

@2024 County Budget Review and Outlook Paper (CBROP)

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ABBREVIATIONS

CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
FY	Financial Year
PFMA	Public Financial Management Act
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
GDP	Gross Domestic Product
IFMIS	Integrated Financial Management and Information System
SME	Small and Medium Enterprise
MTEF	Medium Term Expenditure Framework
SRC	Salaries and Remuneration Commission
CPSB	County Public Service Board
KDSP	Kenya Devolution Support Program
PPP	Public Private Partnership
OSR	Own Source Revenue
SWG	Sector Working Groups
KSHS	Kenya Shillings
COB	Controller of Budget
BPS	Budget Policy Statement
DANIDA	Danish International Development Agency
KCSAP	Kenya Climate Smart Agriculture Project
ASDSP	Agriculture Sector Development Support Project
KUSP	Kenya Urban Support Project

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FOREWORD

This County Budget Review Outlook Paper (CBROP) was prepared as required by section 118 of the Public Finance Management Act, 2012. It reviews the actual fiscal performance of the financial year 2023/2024 and makes comparisons to the budget appropriations of the same year. It also provides the recent economic developments and the updated economic and financial forecast with sufficient information to show changes from the forecast in the County Fiscal Strategy Paper (CFSP) of February, 2024.

In reviewing the fiscal performance, this paper analyzes the performance of County Own generated revenue in the FY 2023/2024. It has included the total revenue collected and made comparison to the budgeted revenue for the same year. In addition, possible causes of the underperformance in the local revenue are also highlighted. The paper also provides departmental expenditures for both recurrent and development for the year under review. A comparison of actual performance against targets for FY 2023/2024 is provided. The preparation of this CBROP will be an important tool that will help in the formulation of 2025/2026 budget and will also provide foundation for the 2025 CFSP.

Through proper planning, the County Government of Mandera intends to achieve maximum fiscal discipline that ensures proper management of public resources and delivery of expected output. To ensure transparency and accountability, the County Executive will involve and relay budget performance and management reports to all county stakeholders as required by the constitution of Kenya, 2010 and Public Finance Management Act, 2012.

The FY 2023/2024 was faced with several challenges such as high debt burden at the National level, late disbursement of funds by the National Government and local revenue underperformance. Nevertheless, the County's overall fiscal performance for the FY 2023/2024 was largely satisfactory although it recorded a lower performance in comparison to the previous financial year.

Ibrahim Mohamed Adan
Executive Committee Member - Finance and Economic Planning

ACKNOWLEDGEMENT

The County Budget Review and Outlook Paper (CBROP) is a statutory policy document in the review and analysis of County budget performance. The Mandera County Budget Review and Outlook Paper 2024 has been prepared in accordance with the Public Finance Management (PFM) Act, 2012 and its Regulations. The paper provides the fiscal performance for the FY 2023/24, the macro-economic projections and sets the sector ceilings for the FY 2025/26 and the Medium-Term Expenditure Framework. The paper also provides an overview of how the actual performance of the FY 2023/24 affected our compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act, 2012.

The preparation of this review paper was a collaborative effort of various County Departments and Entities. I thank H.E The Governor and H.E the Deputy Governor for their leadership and guidance. I also thank all the County Executive Committee Members and the Chief Officers for the coordination of their departments that ensured timely provision of useful data and information on budget execution for the FY 2023/24.

I wish to thank the technical team from the Department of Budget, Economic Planning, Financial Reporting Unit, and Accounting Services that coordinated the development of this paper.

Fartun Bulle
<u>Chief Officer, Economic Planning and Statistics</u>

Legal Basis for the Publication of the County Budget Review and Outlook Paper

The County Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Financial Management Act, 2012 which states that:

1) A County Treasury shall;

a) prepare a County Budget Review and Outlook Paper (CBROP) in respect of the county for each financial year; and

b) Submit the paper to the County Executive Committee by 30th September of that year.

2) In preparing the County Budget Review and Outlook Paper, the County Treasury shall specify:

a) the details of actual fiscal performance in the previous financial year compared to the budget appropriation for that year;

b) the updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);

c) information on

(i) any changes in the forecasts compared with the CFSP or;

(ii) how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or the financial objectives in the CFSP for that year; and

d) reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviation and the time estimated for doing so.

3) The County Executive Committee shall consider the CBROP with a view to approving it, with or without amendments, within fourteen days after its submission.

4) Not later than seven days after the CBROP is approved by County Executive Committee, the County Treasury shall:

(a) arrange for the CBROP to be laid before the County Assembly; and

(b) as soon as practicable after having done so, publish and publicize the paper.

Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the new Public Financial Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudency and transparency in the management of public resources.

The PFM law (Section 107(b)) states that:

i. The county government's recurrent expenditure shall not exceed the county government's total revenue

ii. Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure

iii. The County 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.

iv. Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.

v. Public debt and obligations shall be maintained at a sustainable level as approved by County Government (CG)

vi. Fiscal risks shall be managed prudently

vii. 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

CHAPTER ONE:

INTRODUCTION

1.1 Introduction

This year's Budget Review and outlook paper (CBROP) is the third to be prepared by Mandera County under the current administration of H.E Governor Mohamed Adan Khalif in line with the Public Finance Management Act, 2012 section 118. The CBROP is one of the planning documents that a county must prepare by law. It is supposed to link planning, policy formulation and budgetary allocations.

The PFM Act 2012 requires every County to prepare a CBROP by 30th September of every financial year and submit the same to the County Executive Committee. Upon consideration by the County executive committee, the CBROP must be submitted to the County assembly by the 21st October for consideration and approval. As per the requirement of the PFM Act, this CBROP contains a review of the fiscal performance of the FY 2023/2024.

The main goal of this CBROP is to provide a review of the previous year's fiscal performance and how this impacts on the financial objectives and fiscal responsibility principles set out in the PFM Act, 2012.This together with the updated macroeconomic outlook provides a basis for revision of the current budget in the context of supplementary estimates and the broad fiscal parameters underpinning the next budget and the medium term.

Details of the fiscal framework and the medium term policy priorities will be provided in the County Fiscal Strategy Paper which will be ready early next year in line with section 117 of PFM Act 2012.

1.2 Objective of the CBROP

As a planning documents, CBROP endeavors to address several objectives. Key among them is;

a. Provide a review of the County Fiscal performance in the financial year 2023/2024 compared to the appropriation of that year and how this had an effect on the Economic performance of the county.
b. Provide an updated economic and financial forecast with sufficient information to show any Changes from the most recent forecasts which may have been provided in fiscal documents like the CFSP.
c. Reasons for any deviations from the financial objectives in the CFSP with the proposals to address the deviation.

1.3 The structure of the CBROP

The CBROP has five chapters. Chapter one includes introduction and objectives of CBROP. Chapter two provides a review of the fiscal performance in FY 2023/2024 and its implications on the financial objectives. This is followed by brief highlights of the recent economic development, updated macroeconomic outlook and County specific outlook in chapter three. Chapter four provides the resources allocation framework while chapter five gives the conclusions and recommendations.

CHAPTER TWO

REVIEW OF FISCAL PERFORMANCE IN THE FINANCIAL YEAR 2023/2024

2.0 Overview

This chapter discusses the 2023/2024 budget performance and its implementation. It provides comparisons between actual budget performances against the targeted results. This will be useful in providing a basis for setting out broad fiscal parameters for subsequent budgets as well as a way forward for Mandera County.

2.0 Fiscal Performance

The County Government's mandate as stipulated by the Constitution of Kenya is discharged by Departments through implementation of projects and programs. These projects and programs are allocated funds through County Budgeting process.

In the FY 2023/2024 the County had a Budget Resource Envelope of Kshs. 13,000,831,007 which comprised of Kshs. 8,285,923,159 (64%) for recurrent expenditure and Kshs. 4,714,907,848 (36%) allocation for development expenditure. The allocation to development was in line with Fiscal Responsibility requirements in the PFM Act, 2012 (section 107) requiring that at least 30% of the County Budget be dedicated for development activities. The County Budget revenues were made up of transfers from the Equitable Share, National Government Conditional Grants, Donor Funding, Own Source Revenues (OSRs) and Unspent Balances carried forward from the 2022/2023 Financial Year.

The County's fiscal performance for the FY 2023/2024 was majorly satisfactory despite existence of numerous challenges occasioned by factors such as late releases of funds from the National Treasury and local revenue underperformance. The County Government in its FY 2023/2024 budget anticipated a local collection of Kshs. 330,533,846 which was about 3% of the County's annual budget. But only Kshs. 168,989,982 which translates to 51% of the targeted collection was realized at the end of the financial year. On other revenue streams, the equitable share of revenue allocated by Commission on Revenue Allocation accounted for Kshs. 11,633,191,646 (89%). Other notable components of the County's revenue included unutilized funds from the previous financial year and Conditional grants.

During the FY 2023/2024, the County Government of Mandera received cumulative revenues amounting to Kshs. 11,798,452,697 from National Government equitable share transfers, conditional grants, unspent balances from the FY 2022/2023, and own generated revenue sources.

The Controller of Budget approved withdrawal of Kshs. 11,798,452,697 from the County Revenue Fund (CRF) account, which comprised of Kshs. 3,894,111,022 (39%) for development expenditure of Kshs. 7,810,596,825 (67%) for recurrent expenditure.

The County received Conditional Grants amounting to Kshs. 401,896,472. This comprised of Kshs. 182,351,172 from FLOCCA CCIR Grant, Kshs. 179,097,420 from World Bank Emergency Locust Response Project(ELRP), Kshs. 11,000,000 from FLOCCA County Climate Institutional Support Grant, and Kshs. 500,000 for Agriculture Sector Development Support Project (ASDSP).

Table. Summary of County Receipts by Source

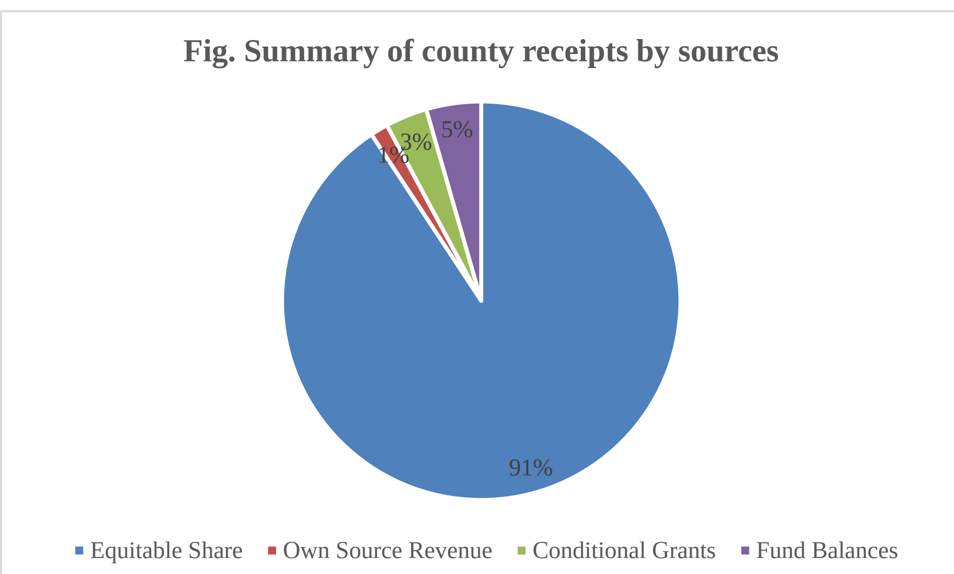
Table 1: Summary of revenue receipts by source

Revenue Type	Amount (Kshs)
Equitable Share	10,702,536,315
Own Source Revenue	168,989,982
Conditional Grants	401,896,472
Fund Balances	525,029,928
Total	**11,798,452,697**

Source: *County Treasury*

Fig. Summary of county receipts by sources

Figure 1 Summary of county receipts by sources



Source: *County Treasury*

The fiscal performance for FY 2023/2024 was promising despite a number of limitations which included;

a) Delays in disbursement of funds from the National Government thereby delaying timely implementation of planned County programs.

b) Under performance of the local revenue. The County collected Kshs. 168,989,982 against a budgeted target of Kshs. 330,533,846. This represents 51% performance which is significantly below anticipated performance. Nevertheless, this performance marks a notable improvement from the Kshs. 123,268,177 realized in FY 2022/2023, indicating a positive trajectory in the county's revenue generation efforts.

c) Recurring IFMIS breakdowns impacting negatively on the County's absorption of funds. This was primarily due to network failures and internet outages.

d) Heightened security challenges across the County, which detrimentally affected multiple sectors of the County's operations and economy.

e) The detrimental effects of the El Niño rains experienced in the previous fiscal year, which further complicated the County's operations.

2.1 Revenue Performance

The following table shows revenue analysis for the FY 2023/2024 as realized from local sources and the equitable share from National Government with deviations.

Table 2: County Revenue Performance Analysis

No	Revenue Stream	Actual Realized 2022/2023 (Kshs.)	Annual Targeted Revenue (Kshs.)	Actual Revenue (Kshs.)	Variance (Kshs.)	Performance of Performance
			A	B	C=A-B	
1	Equitable share of Revenue	11,190,382,598	11,633,191,646	10,702,536,315	930,655,331	92%
2	Local Revenue Collections	123,260,280	330,533,846	168,989,982	161,543,864	51%
3	On-Going Projects funds b/f from previous year	906,845,632	525,029,928	525,029,928	-	100%
4	Sweden -Agricultural Sector Development Support Progam (ASDSP) II - Co Funding	8,024,024	2,257,207	500,000	1,757,207	22%
5	World Bank/Japan Funding for Health sector - Transforming Health care - Universal Health	54,721,395	-	-	-	0%
6	FLOCCA CCIR Grant FY 2023/2024 Allocations	-	182,351,172	182,351,172	-	100%
7	DANIDA Grant - Primary Health Care	32,885,438	18,653,250	-	18,653,250	0%
8	FLOCCA balance from FY 2022/2023 in SP Account	-	6,644,937	6,644,937	-	100%
9	KDSP balance in SP Account	-	851,785	851,785		100%
10	Kenya Climate smart Agriculture Project (NEDI)	81,191,951	-	-	-	0%
11	World Bank Emergency locust response Project(ENRP)	89,064,015	180,282,153	179,097,420	1,184,733	99%

12	FLLoCA	22,000,000	11,000,000	11,000,000	-	100%
13	De-Risking and Value Enhancement (DRIVE)	-	72,541,980	-	-	0%
14	Conditional Grant for Provision of Fertilizer Subsidy Programme	-	13,777,962	-	-	0%
15	RMLF b/f	-	2,262,955	-	-	
16	Allocation for Mineral royalties	-	1,028	-	1,028	0%
17	Kenya urban and Institutional Grant KUSP	2,339,914	-	-	-	0%
18	Kenya Urban and Institutional Grant b/f	21,451,158	21,451,158	21,451,158	-	100%
	TOTAL	**12,532,166,405**	**13,000,831,007**	**11,798,452,696**	**1,113,795,413**	**91%**

Source: *County Treasury, Mandera*

By the end of June 2024, some of the projected revenues were not fully achieved. These included equitable share which had an absorption of 92%. The County did not receive its June allocation. This affected the budget absorption negatively. Other revenue sources that underperformed included Sweden -Agricultural Sector Development Support Progam (ASDSP) II with an achievement of 22%, and Sweden -Agricultural Sector Development Support Progam (ASDSP) II which recorded 99%.

Further, the County generated a total of Kshs. 168,989,982 million from own revenue sources in FY 2023/2024 deviating from the budgeted amount by 49%. This amount represented an increase of 37% compared to Kshs. 123,260,280 realized in FY 2022/2023. The increase is attributed to improved collection due to enforcement, automation and relative stability of the county security situation.

These sources of revenue performed below expectations and hence have impacted negatively on the budget implementation process. Nevertheless, the rest of the revenue source has recorded decent performance. The fiscal performance for the FY 2023/2024 was, therefore, considered a great success.

The following challenges were, however, notable:

1. Low local revenue performance continued to be major headache for the County Government. The Local revenue underperformed by a whopping 49%.
2. Incidences of insecurity such as frequent terror activities along the major highways and border towns have scaled down County's economic prospects.
3. Delayed disbursement of funds from the National Government had negatively affected County's budget execution efforts.
4. The negative economic impacts of the coronavirus pandemic that was experienced in the last two financial periods had caused adverse effects to the course of revenue collection and project implementations.

5. The adverse impact of the previous year's elnino rains affected agricultural output and infrastructure.

FY 2023/2024 Monthly Local Revenue Collections

Table 3 Monthly OSR Collection Analysis

FY 2023/2024 Total monthly local revenue collection for Mandera County Government		
Month	**Amount Collected**	**Cumulative collection**
2023 July	12,214,981	12,214,981
2023 August	12,583,784	24,798,765
2023 September	10,073,112	34,871,877
2023 October	6,781,363	41,653,240
2023 November	4,703,141	46,356,381
2023 December	5,782,745	52,139,126
2024 January	16,695,028	68,834,154
2024 February	22,834,763	91,668,917
2024 March	19,033,566	110,702,483
2024 April	13,457,727	124,160,210
2024 May	30,656,342	154,816,552
2024 June	14,173,430	168,989,982
Total Collections	**-**	**168,989,982**

Source: Revenue Directorate, Mandera County Government

The highest County Own Source Revenue collection was realized in the month of May 2024 amounting to Kshs. 30,656,342 followed by February 2024 amounting to Kshs. 22,834,763 and the month of March 2024 in which Kshs. 19,033,566 was collected while the least collection was in the month of November 2023 amounting to Kshs. 4,703,141.

The table 4 summarizes comparisons between actual local revenue collections in FY 2021/2022 and FY 2022/2023 and what was realized in the FY 2023/2024.

FY 2023/2024 Revenue Collection by Streams

ACTUAL COUNTY OWN GENERATED RECEIPTS

Table 4: Actual County Own Generated Receipts

OSR Sources	**2021/22 FY Actual Realized**	**2022/2023 Actual Realized**	**Supplementary Budget Target 2023/2024**	**Actual Realized 2023/2024**	**Variance on Annual Target**	**Percentage of Performance**
Sub-Revenue Source	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	**%**
Land rents	28,188,138	23,922,170	71,055,477	42,530,249	28,525,227	60%

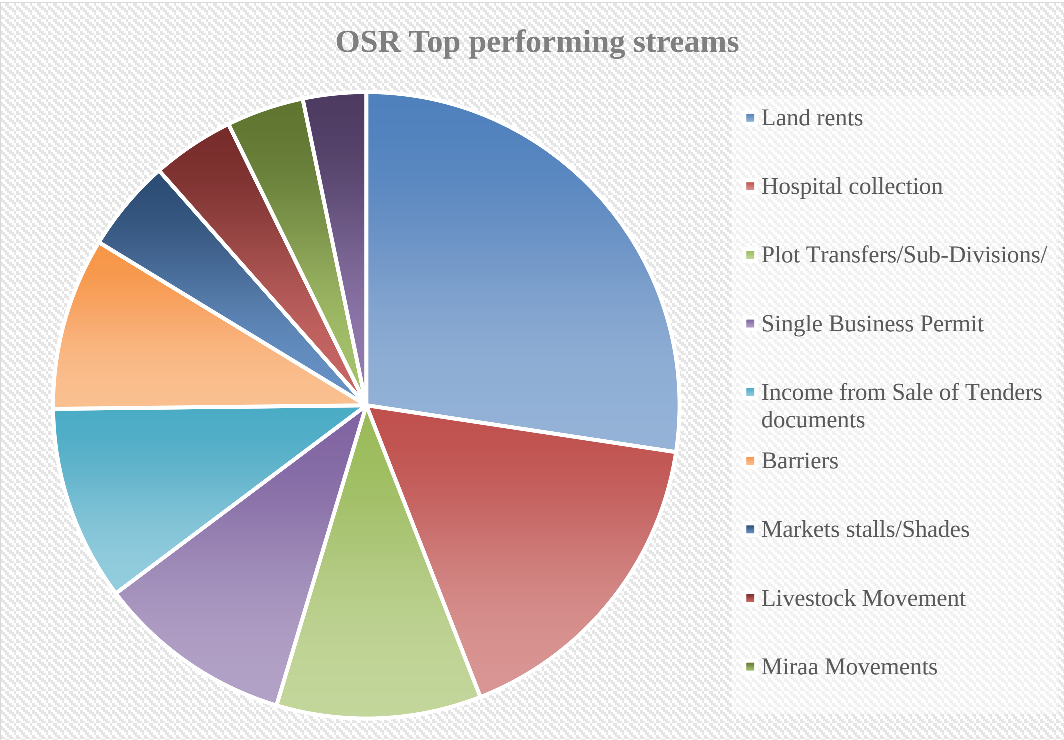
Plot Transfers/Sub-Divisions/	15,358,460	15,802,550	52,590,771	16,401,101	36,189,670	31%
Building plan	842,000	3,922,433	4,507,780	264,001	4,243,779	6%
Miraa Movements	12,693,123	6,658,820	25,746,994	6,205,400	19,541,594	24%
Single Business Permit	10,537,400	11,808,102	35,232,729	15,716,074	19,516,655	45%
Markets stalls/Shades	5,891,650	5,347,710	17,948,637	7,417,640	10,530,997	41%
Market Gates/Cess	1,585,800	1,698,810	2,314,519	566,340	1,748,179	24%
Market Shades	148,899	189,895	-	-	-	0%
Bus park/Taxis/Parking	1,303,080	1,558,005	3,069,313	867,665	2,201,648	28%
Income from Quarries/Natural Resources	1,326,056	1,027,900	2,184,181	1,106,400	1,077,781	51%
Barriers	4,583,413	4,633,063	10,601,096	13,809,823	(3,208,727)	130%
Livestock Market Auction	1,975,058	3,648,145	6,984,555	5,055,405	1,929,150	72%
Livestock Movement	6,298,755	5,912,978	12,416,647	6,610,267	5,806,380	53%
Slaughter fees and Charges	5,893,958	6,162,515	13,924,152	3,703,189	10,220,963	27%
Produce Cess	854,705	1,106,559	3,872,038	2,446,021	1,426,017	63%
Agriculture Mechanization/Hire of Equipment	169,400	30,000	1,850,193	364,000	1,486,193	20%
Income from Sale of Tenders documents	210,944	-	4,503,226	15,637,173	(11,133,947)	347%
Rental income	1,638,417	960,500	1,421,293	507,190	914,103	36%
Tender	339,000	81,000	-		-	0%
Public Health	574,227	476,322	6,138,958	2,987,849	3,151,109	49%
Hospital collection	29,072,568	27,534,403	51,785,008	25,903,057	25,881,951	50%
Income from Water Management	3,414,800	778,400	2,386,281	891,137	1,495,144	37%
Grand Total	**132,899,851**	**123,260,280**	**330,533,846**	**168,989,982**	**161,543,864**	**51%**

Source: *Revenue Directorate, Mandera County Government*

During the year under review, the total expected revenue from all sources for the county revenue sources was Kshs. 13,000,831,007. Out of this amount, the budgeted amount from local collections was Kshs. 330,533,846 (3%). Despite this budgeted figure, only Kshs. 168,989,982 was realized at the end of financial year. The revenue collection improved remarkably by Kshs. 45,729,702 compared to Kshs. 123,260,280 realized in FY 2022/2023.

OSR Top performing streams

Figure 2: OSR Top Performing Streams



Source: *Revenue Directorate, Mandera County*

As highlighted above, the County's top performing streams in the FY 2023/2024 included Land rents, Hospital collection, Plot Transfers/Sub-Divisions/Application Fees, Single Business Permit, Income from Sale of Tenders documents, Barriers, Markets stalls/Shades, Livestock Movement, Miraa Movements, and Livestock Market Auction. The worst performing streams were Income from Water Management, Bus park/Taxis/Parking, Market Gates/Cess, Rental income, Agriculture Mechanization/Hire of Equipment, and Building plan.

Reasons for the deviations from the approved targets

The following factors were chiefly responsible for the poor performance of the local revenue:

- Closure of quarries, sand and blast sites due to terrorism threats.
- Frequent closure of the Kenya Somalia boarder due to insecurity.
- Lack of enforcement capacity.
- Poor infrastructure that makes the cost of doing business very high. This means few businesses survive in our County.
- General insecurity that discourages investment in the County.
- Overambitious revenue targets during the budget preparation
- Inadequate legislation frameworks to prosecute defaulters.

Recommended Revenue Enhancement Interventions

- Concerted effort and focused strategies should be employed by the County Treasury to bridge the gap in attainment of own revenue targets and other revenue sources to avert possibilities of pending bills and incomplete development projects.
- The County should leverage on the automated revenue collection covering all the streams to eliminate possibility of leakages.
- The revenue enforcement units should be strengthened and empowered to ensure all identified sources of revenue are covered and paid to the County Government.
- Further, revenue collection personnel should be rotated to ensure that no one person is at a specific revenue collection point for a pro-longed period of time.
- Conduct stakeholders' engagement forums. The county should provide Tax payer education through stakeholders' meetings, fliers, billboards Local station conversations
- Fastrack development of valuation roll
- Mapping other revenue sources
- Inter departmental linkage
- Adopt a complete cashless payment option.

Cumulative Analysis of OSR from FY 2013/14 - FY 2023/24

The table below shows the cumulative analysis of the local revenue collection from the inception of devolved county governance to the period under review.

Table 5: Cumulative Analysis of OSR (FY 2013/14-2023/24)

FY	Target (Kshs)	Actual (Kshs)	Variance (Kshs)	Percentage of Performance
2013/14	105,291,891	90,068,630	15,223,261	86%
2014/15	251,285,781	87,729,461	163,556,320	35%
2015/16	199,237,816	88,234,634	111,003,182	44%
2016/17	265,643,523	55,843,625	209,799,898	21%
2017/18	141,000,000	61,031,471	79,968,529	43%
2018/19	179,287,568	95,421,471	83,866,097	53%
2019/20	183,559,629	124,961,836	58,597,793	68%
2020/21	200,037,792	125,044,716	74,993,076	63%
2021/22	200,037,792	143,313,898	56,723,894	72%
2022/23	290,436,786	123,268,177	167,168,609	42%
2023/24	330,533,846	168,989,982	161,543,864	51%
Total	**2,346,352,424**	**1,163,907,901**	**1,182,444,523**	**50%**

Overall, the County has managed to attain only 50% of its targeted local collections from the FY 2013/2014 to the period under review, with the FY 2013/2014 recording the least deviations and being the most performing period and the FY 2016/2017 recording the most deviations.

Local Revenue Performance Targets Versus Actuals (FY 2013/2014 – FY 2023/2024)

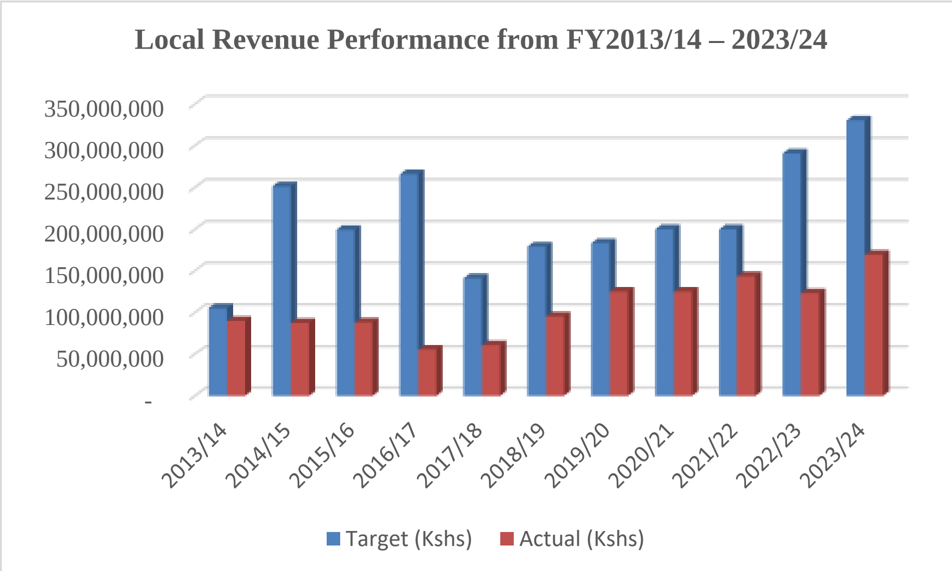


Figure 3: OSR Performance Targets Vs Actuals (FY 2013/14 - FY 2013/14)

OSR collection trend analysis from FY 2013/2014 – FY 2023/2024

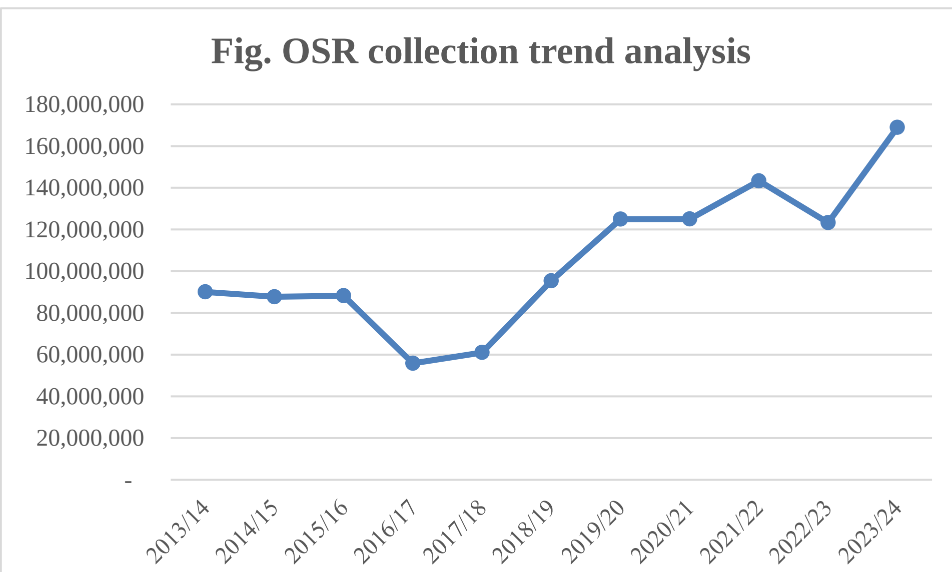


Figure 4: OSR Actual Collection Trends Analysis

As depicted in the above figure, despite deviating from the approved targets, the county's actual revenue collection has recorded a progressive growth from the FY 2017/2018 to FY 2021/2022. The OSR collections in the FY 2023/2024 recorded the most improved performing during the period.

2.2 Expenditure Performance

The County Government's approved supplementary budget for FY 2023/2024 was Kshs. 13,000,831,007. A total of Kshs. 11,704,707,846 was spent on both development and recurrent activities. This absorption accounted for 90% of the total approved supplementary budget.

The recurrent expenditure for the year was Kshs. 7,810,596,825 against a target of Kshs. 8,285,923,159. The recurrent budget absorption was 94%, which is below the 98% that was recorded in FY 2022/2023. The development expenditure recorded an absorption rate of 83%, which was a decrease from 87% attained in FY 2022/2023. The actual expenditure on development programmes amounted to Kshs. 3,894,111,022 against a budgeted figure of Kshs. 4,714,907,848.

The overall budget execution status for both the development and the recurrent votes was satisfactory for the FY 2023/2024.

Total Expenditure

Table 6: Total Expenditure Summary

Expense Category	Annual Budget (Kshs.)	Total Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate(%)
Recurrent	8,285,923,159	7,810,596,825	475,326,334	94%
Development	4,714,907,848	3,894,111,022	820,796,826	83%
Total	**13,000,831,007**	**11,704,707,846**	**1,296,123,161**	**90%**

Source: *County Treasury, Mandera County*

The variance of Kshs. 1,296,123,161 led to lower absorption of both recurrent (94%) and development expenditure (83%) by the County Departments. In particular, underperformance by the development vote was occasioned late releases of funds from the National Treasury. The County had not received its June 2024 equitable share allocations by the end of the fiscal year.

Departmental Expenditure showing actuals and deviations

Table 7: Departmental Expenditure showing actuals and deviations

Vote Title	Recurrent Allocations (Kshs)	Development Allocations (Kshs)	Total Expenditure Allocations (Kshs)	Actual Recurrent Expenditure (Kshs)	Actual Development Expenditure (Kshs)	Total Actual Expenditure (Kshs)	Variance on Total Allocations (Kshs)	Percentage (%)
County Assembly	753,911,204	259,088,796	1,013,000,000	748,345,699	206,447,383	954,793,082	58,206,918	94%
County Executive Services	497,889,646	-	497,889,646	469,100,561	-	469,100,561	28,789,085	94%
Finance and Economic Planning	409,280,122	36,753,275	446,033,397	376,896,480	30,000,000	406,896,480	39,136,917	91%

Agriculture, Livestock and Fisheries	259,552,152	453,260,302	712,812,454	231,056,802	313,708,767	544,765,569	168,046,885	76%
Water, Energy, Environment and Natural Resources	369,355,193	1,693,891,681	2,063,246,874	342,636,869	1,548,243,126	1,890,879,995	172,366,879	92%
Education and Human Capital Development	1,119,910,345	212,468,894	1,332,379,239	1,072,585,264	178,695,023	1,251,280,287	81,098,952	94%
Health Services	2,321,225,903	343,623,509	2,664,849,412	2,206,108,772	293,072,349	2,499,181,121	165,668,291	94%
Lands and Urban Development	228,161,485	506,321,814	734,483,299	195,335,090	433,888,987	629,224,077	105,259,222	86%
Roads, Transport and Works Roads	307,112,294	395,404,819	702,517,113	181,210,886	272,005,975	453,216,861	249,300,253	65%
Social Development	93,657,611	605,498,642	699,156,253	89,536,298	528,000,000	617,536,298	81,619,955	88%
Public Service Management	1,620,814,447	36,600,000	1,657,414,447	1,617,434,379	36,600,000	1,654,034,379	3,380,068	100%
County Public Service Board	73,218,148	7,731,342	80,949,490	73,218,148	-	73,218,148	7,731,342	90%
Trade and Cooperative Development	68,150,868	164,264,774	232,415,642	62,661,577	53,449,412	116,110,989	116,304,653	50%
Office of the County Secretary	66,502,802	-	66,502,802	64,500,000	-	64,500,000	2,002,802	97%
Office of the County Attorney	97,180,939	-	97,180,939	79,970,000	-	79,970,000	17,210,939	82%
	8,285,923,159	**4,714,907,848**	**13,000,831,007**	**7,810,596,825**	**3,894,111,022**	**11,704,707,846**	**1,296,123,161**	**90%**

Departmental Expenditure from FY 2021/2022 – FY 2023/2024

Table 8: Departmental Expenditure from FY 2021/2022 – FY 2023/2024

DEPARTMENT	2021/2022	2022/2023	2023/2024			
	Actual (Kshs)	Actual (Kshs)	Approved (Kshs)	Revised (Kshs)	Actual (Kshs)	Deviation (Kshs)
EXPENDITURES	**10,746,719,025**	**10,996,912,245**	**13,014,216,880**	**13,000,831,007**	**11,704,707,846**	**1,296,123,161**
County Assembly	-	-	**1,133,000,000**	**1,013,000,000**	**954,793,082**	**58,206,918**
Recurrent	-	-	873,911,204	753,911,204	748,345,699	5,565,505
Development	-	-	259,088,796	259,088,796	206,447,383	52,641,413
Agriculture, Livestock and Fisheries	**632,981,677**	**691,859,497**	**856,965,547**	**712,812,454**	**544,765,569**	**168,046,885**
Recurrent	182,916,597	307,519,158	252,680,782	259,552,152	231,056,802	28,495,350
Development	450,065,081	384,340,339	604,284,765	453,260,302	313,708,767	139,551,535
Education and Human Capital Development	**622,968,297**	**903,517,245**	**1,274,048,540**	**1,332,379,239**	**1,251,280,287**	**81,098,952**
Recurrent	439,663,600	787,099,360	1,075,486,958	1,119,910,345	1,072,585,264	47,325,081
Development	183,304,697	116,417,885	198,561,582	212,468,894	178,695,023	33,773,871
Social Development	**171,565,506**	**635,129,716**	**704,343,614**	**699,156,253**	**617,536,298**	**81,619,955**
Recurrent	66,195,506	596,385,016	98,844,972	93,657,611	89,536,298	4,121,313
Development	105,370,000	38,744,700	605,498,642	605,498,642	528,000,000	77,498,642
Finance and Economic Planning	**1,283,131,675**	**431,333,725**	**411,812,303**	**446,033,397**	**406,896,480**	**39,136,917**
Recurrent	956,717,523	376,233,725	375,059,028	409,280,122	376,896,480	32,383,642
Development	326,414,152	55,100,000	36,753,275	36,753,275	30,000,000	6,753,275
Health Services	**2,274,428,618**	**2,639,053,214**	**2,427,788,412**	**2,664,849,412**	**2,499,181,121**	**165,668,291**
Recurrent	1,818,484,682	2,284,980,998	1,988,706,291	2,321,225,903	2,206,108,772	115,117,131
Development	455,943,936	354,072,216	439,082,121	343,623,509	293,072,349	50,551,160

Trade and Cooperative Development	**121,842,700**	**61,527,979**	**326,204,466**	**232,415,642**	**116,110,989**	**116,304,653**
Recurrent	62,502,936	53,935,312	68,889,692	68,150,868	62,661,577	5,489,291
Development	59,339,764	7,592,667	257,314,774	164,264,774	53,449,412	110,815,362
Lands and Urban Development	**480,165,439**	**604,899,213**	**763,667,392**	**734,483,299**	**629,224,077**	**105,259,222**
Recurrent	465,165,439	82,622,523	202,345,578	228,161,485	195,335,090	32,826,395
Development	15,000,000	522,276,690	561,321,814	506,321,814	433,888,987	72,432,827
County Executive services	**478,837,413**	**452,928,615**	**447,179,685**	**497,889,646**	**469,100,561**	**28,789,085**
Recurrent	478,837,413	452,928,615	447,179,685	497,889,646	469,100,561	28,789,085
Development	-	-	-	-	-	-
Office of the County Secretary & Head of Public Service	-	-	**82,502,802**	**66,502,802**	**64,500,000**	**2,002,802**
Recurrent	-	-	82,502,802	66,502,802	64,500,000	2,002,802
Development	-	-	-	-	-	-
Office of the County Attorney	-	-	**177,190,939**	**97,180,939**	**79,970,000**	**17,210,939**
Recurrent	-	-	177,190,939	97,180,939	79,970,000	17,210,939
Development	-	-	-	-	-	-
County Public Service Board	**138,900,921**	**87,322,112**	**83,949,490**	**80,949,490**	**73,218,148**	**7,731,342**
Recurrent	76,900,925	69,522,112	73,218,148	73,218,148	73,218,148	-
Development	61,999,996	17,800,000	10,731,342	7,731,342	-	7,731,342
Public Service Management, Devolved Units and Community Cohesion	**1,394,512,172**	**1,802,676,483**	**1,594,379,939**	**1,657,414,447**	**1,654,034,379**	**3,380,068**
Recurrent	1,301,418,985	1,770,682,948	1,555,253,486	1,620,814,447	1,617,434,379	3,380,068
Development	93,093,187	31,993,535	39,126,453	36,600,000	36,600,000	(0)
Roads, Transport and Public Works	**964,689,694**	**821,567,891**	**847,056,095**	**702,517,113**	**453,216,861**	**249,300,253**
Recurrent	123,332,086	181,643,409	331,825,375	307,112,294	181,210,886	125,901,408
Development	841,357,609	639,924,482	515,230,720	395,404,819	272,005,975	123,398,844
Water, Energy, Environment, and Climate Change	**2,182,694,911**	**1,865,096,554**	**1,884,127,656**	**2,063,246,874**	**1,890,879,995**	**172,366,879**
Recurrent	789,082,250	379,018,594	367,434,384	369,355,193	342,636,869	26,718,324
Development	1,393,612,661	1,486,077,960	1,516,693,272	1,693,891,681	1,548,243,126	145,648,555

Source: *Mandera County Treasury*

Major reasons for expenditure deviations from target

- Delayed disbursement of funds from the exchequer.
- Delay in commencement of projects
- Delayed Procurement process
- IFMIS challenges as a result of poor network

Way forward

- The National Treasury to ensure timely release of all the budgeted funds as per the law. COG to engage the National Treasury to release funds in good time as per the law.
- Initiate procurement process on time.
- Enhance own source revenue to reduce overreliance on the exchequer funds.

2.2.1 Recurrent Expenditure

The County performed well in the execution of the recurrent budget for the FY 2023/2024. The County had a total recurrent budget of Kshs. 8,285,923,159. Two Departments recorded an absorption rate of 100% in their expenditure. These included the Department of Public Service Management and the County Public Service Board. These were followed by the County Assembly and the Office of the County Secretary which recorded an absorption rate at 99% and 97% respectively. Four Departments recorded an absorption rate of less than 90% of their recurrent budget. These were Agriculture, Livestock and Fisheries (89%), Lands and Urban Development (86%), Office of the County Attorney (82%), and Roads, Transport and Works Roads which was the lowest spender at 59%.

The table that follows shows a tabulated analysis of County's recurrent expenditure for FY 2023/2024.

Table 5: Recurrent Expenditure by Departments

The table below represents total recurrent expenditure for the FY 2023/2024 per department and their absorption as at 30th June, 2024.

Table 9: Recurrent Expenditure Analysis

Vote Title	Recurrent (Budget)	Recurrent (Actual)	Variance	Percentage
County Assembly	753,911,204	748,345,699	5,565,505	99%
County Executive Services	497,889,646	469,100,561	28,789,085	94%
Finance and Economic Planning	409,280,122	376,896,480	32,383,642	92%
Agriculture, Livestock and Fisheries	259,552,152	231,056,802	28,495,350	89%
Water, Energy, Environment and Natural Resources	369,355,193	342,636,869	26,718,324	93%
Education and Human Capital Development	1,119,910,345	1,072,585,264	47,325,081	96%
Health Services	2,321,225,903	2,206,108,772	115,117,131	95%
Lands and Urban Development	228,161,485	195,335,090	32,826,395	86%
Roads, Transport and Works Roads	307,112,294	181,210,886	125,901,408	59%
Social Development	93,657,611	89,536,298	4,121,313	96%
Public Service Management	1,620,814,447	1,617,434,379	3,380,068	100%
County Public Service Board	73,218,148	73,218,148	-	100%
Trade and Cooperative Development	68,150,868	62,661,577	5,489,291	92%
Office of the County Secretary	66,502,802	64,500,000	2,002,802	97%
Office of the County Attorney	97,180,939	79,970,000	17,210,939	82%
Total	**8,285,923,159**	**7,810,596,825**	**475,326,334**	**94%**

Source: *County Treasury, Mandera County Government*

Analysis of Operations and Maintenance

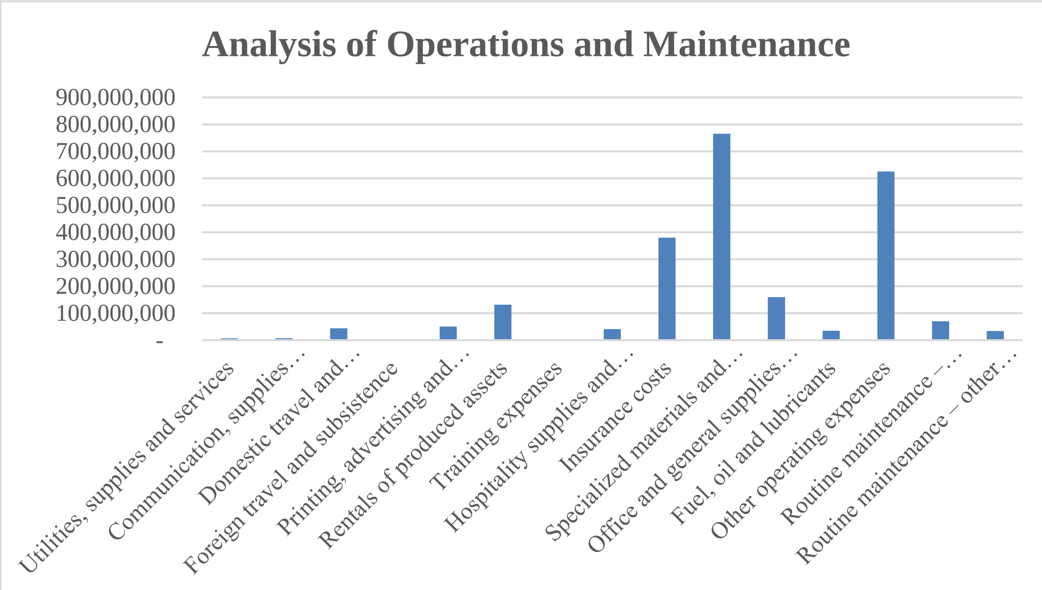


Figure 5: Analysis of Operations and Maintenance

2.2.2 Development Expenditure

In the FY 2023/2024, the County's gross development budget was Kshs. 4,714,907,848. An expenditure of Kshs. 3,894,111,022 representing 83% of the development vote was utilized during the financial year. Only one Department was able to incur expenditure of 100%. This was the Department of Public Service Management. The rest of the Departments recorded less than 92% expenditure. The second highest performer after the Department of Public Service Management was the Department of Water, Energy, Environment and Natural Resources which attained an absorption of 91%. These was followed by the Department of Social Development at 87%, the Department of Lands and Urban Development at 86%, Department of Health Services at 85%, and the Department of Education and Human Capital Development at 84%. The rest of the Departments recorded below 82% with the Department of Trade and Cooperative being the worst performer at 33%.

The table below represents total development expenditure for the FY 2023/2024 per department and their absorption rate as at 30th June, 2024.

Departmental Development Expenditure

Table 10: Departmental Development Expenditure Analysis

Vote Title	Development (Budget)	Development (Actual)	Variance	Percentage
County Assembly	259,088,796	206,447,383	52,641,413	80%
County Executive Services	-	-	-	0%

Finance and Economic Planning	36,753,275	30,000,000	6,753,275	82%
Agriculture, Livestock and Fisheries	453,260,302	313,708,767	139,551,535	69%
Water, Energy, Environment and Natural Resources	1,693,891,681	1,548,243,126	145,648,555	91%
Education and Human Capital Development	212,468,894	178,695,023	33,773,871	84%
Health Services	343,623,509	293,072,349	50,551,160	85%
Lands and Urban Development	506,321,814	433,888,987	72,432,827	86%
Roads, Transport and Works Roads	395,404,819	272,005,975	123,398,844	69%
Social Development	605,498,642	528,000,000	77,498,642	87%
Public Service Management	36,600,000	36,600,000	(0)	100%
County Public Service Board	7,731,342	-	7,731,342	0%
Trade and Cooperative Development	164,264,774	53,449,412	110,815,362	33%
Office of the County Secretary	-	-	-	0%
Office of the County Attorney	-	-	-	0%
Total	**4,714,907,848**	**3,894,111,022**	**820,796,826**	**83%**

Source: County Treasury, Mandera County Government

Analysis of Development Expenditure

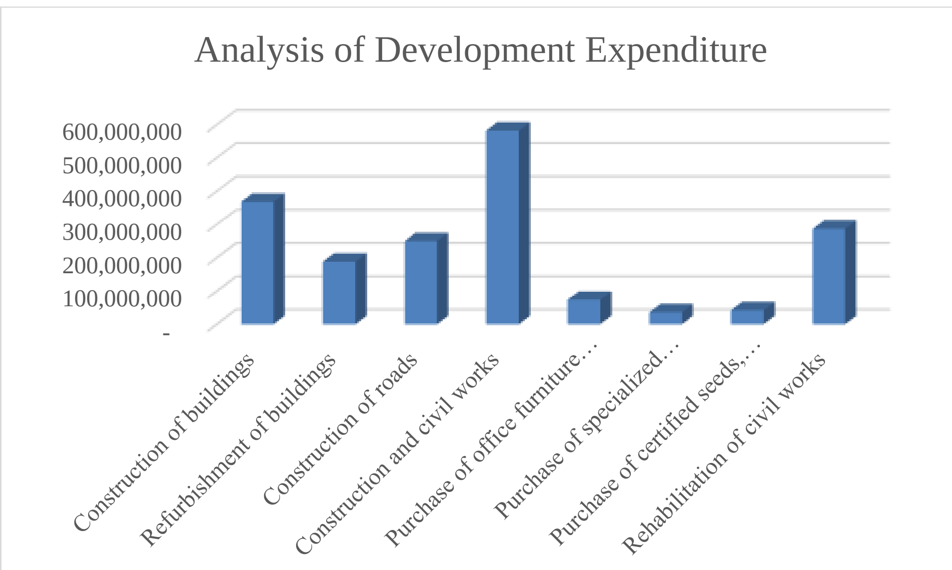


Figure 6: Analysis of Development Expenditure

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

2.2.2.1 Health Services Sector

Much of this Department's development budget was allocated to finance the following projects: renovation and alteration works for the Dental Unit Block at MCRH; procurement of dental, ENT, and eye equipment; proposed upgrading and improvement of Level 4 hospitals; operationalization and improvement of all Level 4 sub-county hospitals; maintenance of medical equipment for health services;

solar maintenance for rural health facilities; establishment of NHIF biometric capture systems in all health facilities; establishment of a Mental Health Unit at MCRH; proposed construction of renal units at Mandera County Referral Hospital in Mandera East and Elwak Sub-County Hospital in Mandera South; establishment of Cholera Treatment Centres at Elwak and Shimpir Fatuma; and rehabilitation of sub-county health facilities, among others.

2.2.2.2 Water, Energy and Natural Resources sector

As in previous years, a substantial portion of the department's development budget was allocated to ongoing projects, driven by the necessity to complete existing initiatives before commencing new ones. Noteworthy new projects funded in the FY 2023/2024 include the construction of water supply systems, medium-sized earth pans (60,000–200,000m^3), the expansion of existing earth pans, borehole drilling, the development of rural water schemes, procurement of advanced survey equipment and design software, the upgrading of rural water supply infrastructure, and the construction and rehabilitation of underground water tanks, among other essential undertakings.

2.2.2.3 Roads, Public works and transport Sector

This department received a total development budget of Kshs. 395,404,819, which was allocated to fund the completion of ongoing projects, settle pending bills, and initiate new projects. Notable new projects funded include proposed construction of storm water protection works and drifts, road construction and grading, road maintenance, as well as the construction and opening of access roads.

2.2.2.4 Agriculture, Livestock and Fisheries:

The department had a development budget of Kshs. 453,260,302, of which Kshs. 286,359,302 were conditional grants from the World Bank Emergency Locust Response Project (ELRP), Sweden's Agricultural Sector Development Support Programme (ASDSP) II, the Conditional Grant for the Provision of Fertiliser Subsidy Programme, and the De-Risking and Value Enhancement (DRIVE) initiative. Key projects planned for implementation during the financial year included: the proposed rehabilitation of farmland at Beni Farms in Rhamu Dimtu Ward, Mandera North Sub-County; the installation of irrigation infrastructure at Yabicho A Farms Irrigation Project in Rhamu Ward, Mandera North Sub-County; construction of water troughs and storage tanks; a vaccination programme and procurement of CCPP, PPR, SGP, BQ, CBPP, and LSD vaccines; and irrigation support and infrastructure development in Mandera East and Mandera North.

2.2.2.5 Social Development

The department was allocated a total budget of Kshs. 699,156,253. Some of its key projects in the year under review include construction of housing units and toilets for vulnerable persons, Sports infrastructure developments, Drought and emergency mitigation programmes (provision of relief food), support to orphanages as well as support to persons with disabilities.

2.2.2.6 Trade and Cooperative Development

During the year under review, the department was allocated Kshs. 232,415,642, with Kshs. 164,264,774 earmarked for development and Kshs. 68,150,868 for recurrent expenditure. Key projects implemented in FY 2023/2024 included the construction of El-Danaba market in Mandera West, provision of business startup kits across Mandera East, Mandera North, Mandera West, Banisa, Lafey, and Mandera South, operationalization of dormant cooperative societies, provision of startup kits for cooperative societies, and construction of milk shades.

2.2.2.7 Education and Human Capital Development

The department had a development budget of Kshs. 212,468,894. Major projects undertaken included the chain-link fencing of Senior Chief Abdullah Girls Secondary School, the construction of child-friendly ECDE classrooms across all sub-counties, the supply of ECDE teaching and learning materials, the provision of ECDE furniture such as desks, tables, and chairs, as well as grants to Youth Polytechnics.

2.2.2.8 Public Service Management and Devolved Units

A bulk of the department's budget was for recurrent activities. However, Kshs. 36,600,000 was set aside for development initiatives, which were utilized for equipping and operationalizing sub-county administration and ward offices, as well as undertaking repair and renovation works.

2.2.2.9 Lands and Urban Development

The department was allocated a budget of Kshs. 734,483,299, with Kshs. 506,321,814 earmarked for development. The key projects implemented in the FY 2023/2024, included infrutstructural development such as renovations and refurbishments, purchase of sanitation tools for Kutulo, Takaba, Banisa, Lafey, Rhamu, Kiliwehiri, and Arabia, operationalization of the Maslaha Centre, and maintenance of existing dumpsites in Kutulo, Takaba, Banisa, Lafey, Rhamu, Kiliwehiri, and Arabia sub counties.

2.2.2.10 Finance and Economic Planning

The department was allocated Kshs. 446,033,397, which comprised Kshs. 409,280,122 for recurrent expenditures and Kshs. 36,753,275 for development. The development allocation was planned for both ongoing and new projects. The development initiatives implemented in the FY 2023/2024, included construction of revenue collection shades at barriers and establishment of a project file registry (strong room) for the procurement unit at the county headquarters.

2.2.2.11 County Public Service Board

The department had a development budget of Kshs. 7,731,342, which was allocated for the completion of ongoing projects, majorly for proposed civil works at the Mandera County Public Service Board Office in Mandera East.

Summary of Expenditure by Economic Classification

Table 11: Summary of Expenditure by Economic Classification

PAYMENTS	2021/2022	2022/2023	2023/2024			
	Actual (Kshs)	Actual (Kshs)	Approved (Kshs)	Revised (Kshs)	Actual (Kshs)	Deviation (Kshs)
RECURRENT	**7,568,411,511**	**8,198,470,430**	**7,970,529,324**	**8,285,923,159**	**7,810,596,825**	**475,326,334**
Personnel Emoluments	2,895,049,931	3,630,832,497	4,372,525,851	4,352,060,686	4,111,115,606	240,945,080
Operations and Maintenance - Executive	3,866,168,012	3,682,480,770	2,724,092,269	3,179,951,269	2,951,135,520	228,815,749
County Assembly - Operations and Maintenance	807,193,568	885,157,163	873,911,204	753,911,204	748,345,699	5,565,505
DEVELOPMENT	**4,027,479,361**	**3,656,648,676**	**5,043,687,556**	**4,714,907,848**	**3,894,111,022**	**799,345,668**
Development	4,027,479,361	3,656,648,676	5,043,687,556	4,714,907,848	3,894,111,022	799,345,668
TOTAL EXPENDITURE	**11,595,890,872**	**11,855,119,106**	**13,014,216,880**	**13,000,831,007**	**11,704,707,847**	**1,274,672,002**

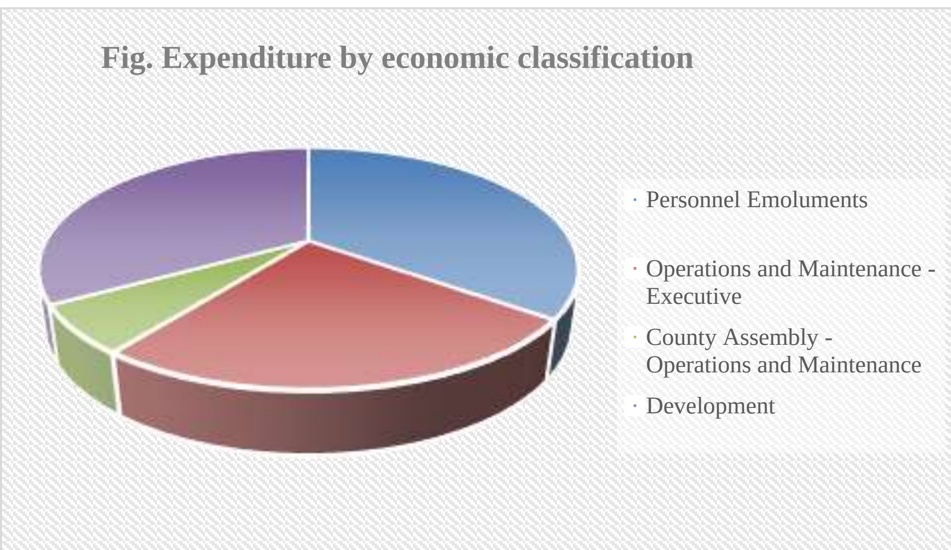


Figure 7: Expenditure by economic classification

Source: *Mandera County Treasury*

List of Development Projects with the Highest Expenditure in FY 2023/2024

Table 12 provides a summary of a few of the development projects with the highest expenditure in the financial year.

Table 12: List of a few Development Projects with highest expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)

1	Social Development	Construction of Housing Units for Vulnerable Persons	County wide	199,999,879	50,000,000	25%
2	Health Services	Upgrading of Banisa Level 4 Hospital	Banisa	138,546,280	101,310,000	73%
3	Agriculture	Construction Of Slaughterhouse In Elwak	Elwak	104,959,824	83,762,213	80%
4	Lands and Urban Development	Development of Valuation Rolls	County wide	54,184,800	5,000,000	9%
5	Water Services	Proposed construction of 60,000m3 burduras gobogala earth pan	Mandera West	38,382,120	20,000,000	52%
6	Water Services	Proposed Construction Of 60,000M3 Alungu Earth Pan	Lafey	32,147,000	32,147,000	100%
7	Water Services	Supply And Delivery Of High Tech Water Survey Equipment And Design Sofware	Mandera East	26,809,625	15,000,000	56%
8	Trade	Construction of Market Shade at El-danaba in Mandera West	Mandera West	21,500,000	21,500,000	100%
9	Education	Infrustructural Support To Senior Chief Abdullah Girls Secondary Schools /Chainlink Fencing	Banisa	28,643,684	11,640,000	41%
10	Health Services	Renovation and Alteration works of Dental Unit Block at MCRH		10,000,000	9,997,340	100%
11	Water Services	Proposed Construction Of 60,000M3 Chame Earth Pan	Banisa	31,877,040	31,877,040	100%

Source: County Treasury, Mandera County Government

Budget Execution by Programme and Sub Programme

Table 13: Budget Execution

Programme	Sub-Programme	Description	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (% Total Expenditure to Approved Estimates)
			A	B	C=A-B	D=B/A*100
Agriculture, Livestock and Irrigation	Agriculture and irrigation headquarters	General Administration & Support Services	131,187,804	122,696,802	8,491,002	94%
	Livestock Development, Animal Health and Fisheries	Livestock Resources Management and Development	195,842,980	123,301,000	72,541,980	63%
	Crop Production, Harvesting and Value Addition	Crop Management and Development	308,360,913	221,351,358	87,009,555	72%
	Irrigation, Soil Conservation, AMS and Flood Control	Irrigation Development and Management	77,420,757	77,416,409	4,348	100%
			712,812,454	**544,765,569**	**168,046,885**	**76%**
Lands, Housing and Physical Development	Lands, Housing and Physical Planning headquarters	Administration Services	67,013,160	59,186,765	7,826,395	88%
	Land Survey and Physical Planning	Land Use Planning and	111,148,981	44,277,105	66,871,876	40%

		Survey				
	Housing and Urban Development	Physical Planning housing and urban development	453,051,158	422,490,207	9,109,793	93%
	Circular Economy, Solid Waste Management and Sanitation	Solid Waste Management	103,270,000	103,270,000	-	100%
			734,483,299	**629,224,077**	**83,808,064**	**86%**
Roads, Public Works and Transport	County roads and public works headquarters	Administrative Services	169,082,294	144,710,886	24,371,408	86%
	County Roads	Road And Air Transport Infrastructure Development	500,078,693	288,799,849	211,278,844	58%
	County Public Amenities	Public Works Management	33,356,126	19,706,126	13,650,000	59%
			702,517,113	**453,216,861**	**249,300,252**	**65%**
Trade and Cooperative Development	Trade and Industrialisation	General Administration and Planning	45,550,587	40,061,577	5,489,010	88%
	Cooperative Development and Marketing	Cooperative Development and Promotion	27,100,281	20,600,000	6,500,281	76%
	Trade, Industry and Investment	Trade Development and Promotion	159,764,774	55,449,412	104,315,362	35%
			232,415,642	**116,110,989**	**116,304,653**	**50%**
Health Services	County health services headquarter	Administrative Services	1,528,134,758	1,451,670,877	76,463,881	95%
	Public health and sanitation	Preventive, Promotive and Reproductive Health Services	211,914,813	172,055,555	39,859,258	81%
	County health/ medical services	Curative Rehabilitative and Refferal Services	924,799,841	875,454,689	49,345,152	95%
			2,664,849,412	**2,499,181,121**	**165,668,291**	**94%**
Education and Human Capital	Education headquarters	General Administration & Support Services	997,854,875	950,615,264	47,239,611	95%

	Education and Early Childhood Development	Early Childhood Education	302,974,364	269,115,023	33,859,341	89%
	Vocational and Technical Training	Vocational and Technical Training Services	25,050,000	25,050,000	-	100%
	Human Capital Development and Continuous Learning	Education Support Services	6,500,000	6,500,000	-	100%
			1,332,379,239	**1,251,280,287**	**81,098,952**	**94%**
County Executive Services	Office of the Governor and the Deputy Governor headquarters	Management of County Affairs	497,889,646	469,100,561	28,789,085	94%
			497,889,646	**469,100,561**	**28,789,085**	**94%**
Office of the County Secretary	Policy, Leadership and Executive Coordination	Leadership and executive coordination	66,502,802	64,500,000	2,002,802	97%
			66,502,802	**64,500,000**	**2,002,802**	**97%**
Office of the County Attorney	Legal and Public Sector Advisory Services	Legal and advisory services	97,180,939	79,970,000	21,000,939	82%
			97,180,939	**79,970,000**	**21,000,939**	**82%**
County Public Service Board	County Public Service Board	Ethics, Governance and Public Service Values	80,949,490	73,218,148	-	90%
			80,949,490	**73,218,148**	**-**	**90%**
County Assembly	Legislation and Representation	Legislation and Representation	1,013,000,000	954,793,082	58,206,918	94%
			1,013,000,000	**954,793,082**	**58,206,918**	**94%**
Finance and Economic Planning	Administration Planning	Administrative and Planning Services	291,758,120	266,690,183	25,067,937	91%
	Accounting	Accounting Services	62,996,967	56,130,951	6,866,016	89%
	Financial Reporting Department	Financial Services and Report	3,900,000	3,900,000	-	100%
	Internal Audit	Internal Audit Services	2,800,000	2,800,000	-	100%
	Procurement	Supply Chain Management Affairs	12,000,000	12,000,000	-	100%
	Asset Management	County Asset Management	2,800,000	2,800,000	-	100%

		system				
	Economic Planning and Statistics	County Economic Planning and Statistics	27,127,131	26,275,346	-	97%
	Revenue	Revenue Collection and Enhancement	23,400,000	23,400,000	-	100%
	ICT	ICT and E-Government Services	19,251,179	12,900,000	6,351,179	67%
			446,033,397	**406,896,480**	**38,285,132**	**91%**
County Public Service Management	Administration Planning	Administration and Support Services	1,509,538,379	1,509,538,379	(0)	100%
	Enforcement Services	Devolved Governance and Enforcement Services	108,546,068	105,166,000	3,380,068	97%
	Civic Education	Civic Education and Public Participation	7,500,000	7,500,000	-	100%
	Re-radicalization	De-Radicalization and Countering Violence	17,030,000	17,030,000	-	100%
	Conflict Management	Community Cohesion and Conflict Management	14,800,000	14,800,000	-	100%
			1,657,414,447	**1,654,034,379**	**3,380,068**	**100%**
Social Development	Administration Planning	Administration and Support Services	36,592,335	36,471,298	121,037	100%
	Gender and Social Services	Women Empowerment and Affirmative Action	12,500,000	9,000,000	3,500,000	72%
	Youth Affairs	Youth Empowerment and Sports	33,575,276	16,075,000	17,500,276	48%
	Gender and Culture Promotion	Culture and Gender Development promotion	24,350,000	20,350,000	4,000,000	84%
	Special Programmes	Disaster Preparedness and Management	592,138,642	535,640,000	56,498,642	90%
			699,156,253	**617,536,298**	**81,619,955**	**88%**
Water, Energy, Environment	Administration Planning	Administrative Services	177,693,266	158,619,879	19,073,387	89%
	Water Services	Water and Sewerage	1,504,487,990	1,385,513,685	118,974,305	92%

and Climate Change		Management				
	Energy	Energy and Natural Resources	23,200,000	9,700,000	13,500,000	42%
	Environmental Protection	Environment and Climate Change	357,865,618	337,046,431	14,174,250	94%
			2,063,246,874	**1,890,879,995**	**165,721,942**	**92%**
		GRAND TOTAL	**13,000,831,007**	**11,704,707,846**	**1,263,233,938**	**90%**

Source: *Mandera County Treasury*

Pending Bills Analysis

By close of the FY 2023/2024, the county's outstanding pending bills amounted to Kshs. 2,227,277,664 as shown in the table that follows.

Table 14: Pending Bills Analysis

	Balance b/f FY 2022/2023	**Additions for the period**	**Paid during the year**	**Balance c/f FY 2023/2024**
Description	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Construction of Buildings	558,578,233.33	70,172,111.72	72,697,304.45	556,053,040.60
Construction of Civil Works	647,968,805.52	144,023,766.78	148,500,000.00	643,492,572.30
Supply of Goods	133,555,886.00	581,343,326.10	15,000,000.00	699,899,212.10
Supply of Services	348,667,513.00	-	20,834,674.00	327,832,839.00
Total	**1,688,770,437.85**	**795,539,204.60**	**257,031,978.45**	**2,227,277,664.00**

Source; *Mandera County Treasury*

2.3 Implication of FY 2023/2024 fiscal performance on fiscal responsibility principles and financial objectives contained in the 2024 CFSP

Fiscal responsibility is essential to creating a better, stronger and more prosperous administrative and financial management system in the County Government of Mandera.

In the period under review, the County had planned to collect revenue amounting to Kshs. 13,000,831,007. At the close of the financial year, the County had received revenues amounting to Kshs. 11,798,452,697. This represented a revenue deficit of 9% (Kshs. 1,202,378,310) from the FY 2023/2024 approved supplementary target. This implies that the baseline ceilings for subsequent budgets ought to be adjusted considering the under-performance in local revenue collection in the FY 2023/2024. Consequently, this may affect the financial performance objectives stipulated in CFSP 2024.

The review of the budget for FY 2023/2024 reveals that revenue underperformance was in both local revenue collection and external revenue. Therefore, the overall revenue performance in FY

2023/2024 points to the need for enhancement of local revenue collection measures and the National Government transfers as determined by the Commission for Revenue Allocation (CRA) is consistent in future.

Additional implications borders on the capacity of the County Government to implement its budget in the FY2023/2024 and in the subsequent years. In view of the foregoing, appropriate measures have been applied in the context of this CBROP, taking into account the budget outturn for FY 2023/2024. The County Treasury will work closely with the revenue agencies to improve local revenue collection.

Continuing in Fiscal Discipline and Responsibility Principles

In line with the Constitution of Kenya 2010 and PFM Act 2012 the County Government of Mandera has adhered to the fiscal responsibilities as set out in the law as follows;

i. Over the medium term a minimum of 30 percent of the County Government's budget shall be allocated to the development expenditure. In the fiscal year under review, the County allocated Kshs. 4,714,907,848 which was 36% the County total approved supplementary budget for the FY 2023/2024.

ii. 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. The County expenditure on wages and salaries is about 34% which is below 35% set in the 2015 County Government regulations.

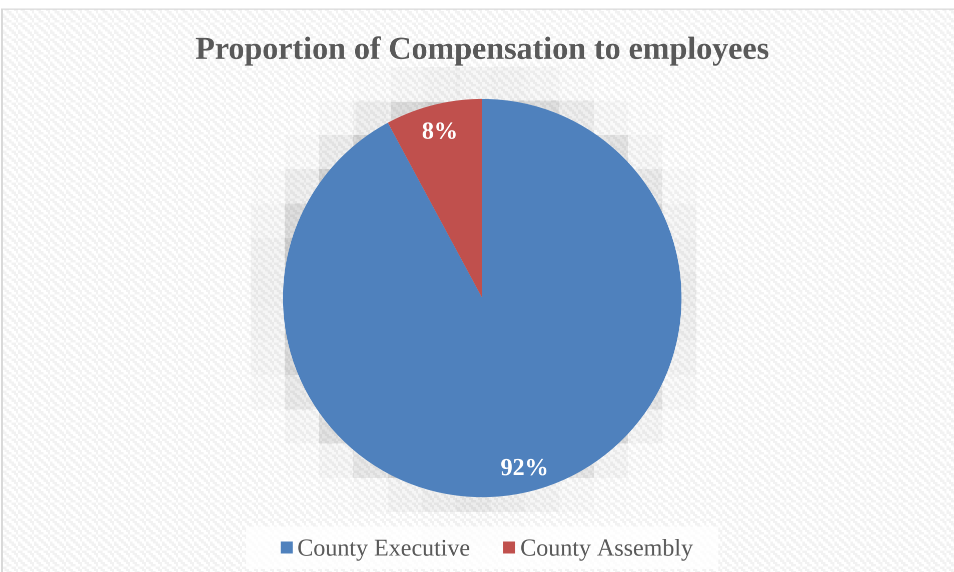


Figure 8: Analysis of Personnel Emoluments

It is imperative to note that over the medium-term, the expenditure on compensation of employees is anticipated to escalate on account of salary adjustments by the SRC, the new NSSF laws and the anticipated changes in taxation policies as contain in Finance Act 2023 and the Medium Term Revenue Enhancement Strategy.

iii. The County debt shall be maintained at a sustainable level as approved by County Assembly and the County Government's recurrent expenditure shall not exceed the County Government's total revenue. During the period under review, the County Government did not borrow and when the regulations are set in place that allow County Governments to borrow, all the borrowings will be for financingof development projects only. The County's commitment to maintain debt at sustainable levels continues with strategies laid out in the County Medium Debt Strategy Paper 2024.

iv. 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. The County Government has continued to adopt a more rational approach in revenues and expenditure forecasts based on acute environment and potential of the County to expand its revenue base.

v. Fiscal risks shall be managed prudently. The County Treasury has considered all possible risks and provided for unforeseen emergencies and disaster relief in the budget in the tune of Kshs. 469 million in the financial year under review.

vi. In line with the provisions of the PFM Act, 2012, a finance bill was prepared through a participatory, consultative and all-encompassing approach, and later submitted to the County Assembly for consideration and approval. Public participation in the process guarantees that the beneficiaries and stakeholders understands the charges thus minimizing the chances of resistance from the rates and fees payers.

Emerging Issues

- Re-organization of county departments
- Creation and operationalization of new municipalities and alignment of human resources for the elevated statuses.
- Embracing technology and public sensitization in revenue administration is crucial for modern-day collection and enforcement. Rapid technological advancements and dynamic nature of ICT necessitate continuous training, frequent system updates, and increased expenditure.
- Growing threat of cybercrime highlights the need for upgrading county systems with security software.
- Education reforms
- Health reforms

- Public Finance Management reforms
- Climate change

Summary of the General Challenges affecting fiscal performance

The County Government of Mandera faces a number of fiscal challenges including;

- Cash flow challenges from the National Government
- Swelling wage bill
- Unreliable IFMIS connectivity challenges
- Staff capacity gaps
- Late approval of budget
- Budget revisions, change of projects, etc.
- Insecurity/Terrorism Threats

Recommendations

- The National Treasury should ensure timely disbursements of funds from the Exchequer
- The County Government should prioritize the recruitment of technical and support staff, invest in continuous training, and address staffing gaps through succession planning.
- The County Government should allocate resources for capacity development and seek partnerships with stakeholders to meet resource gaps.
- The County should endeavour minimal budget revisions with the financial year.

CHAPTER THREE

RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

3.1 Introduction

The County Government of Mandera operates within the dynamics of the national and global macroeconomic environment. The impact of the global and national economic variability influences directly and indirectly the County government's fiscal decisions and operations.

Any change in the national economic and financial trends have a huge impact on the County government's expenditure trends in the long run. Economic instabilities will lead to adverse national expenditure trends thereby negatively affecting the county government's development agenda.

Further, Economic growth, measured quantitatively as the Gross Domestic Product (GDP) of a country is a parameter that influences National Government transfers to the Counties given the positive correlation between growth and national revenue performance.

Exchange rate fluctuations also affect the County processes with currency depreciation making our imports more expensive. This greatly affects the manufacturing sector since it mostly depends on imported raw materials and intermediate goods in its industrial processes, leading to a slowdown in the county's industrialization.

Interest rates affect the cost of local borrowing while inflation changes the costs of goods and services and may affect their affordability as per existing plans.

3.2 Global and Regional Economic Development

Global economy has stabilized with global growth projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023. The outlook reflects economic recovery in China, Euro area and UK, despite a slowdown in activity in the USA and Japan. The main risks to the global growth outlook relate to further escalation of geopolitical tensions, interest rates remaining higher-for-even-longer in advanced economies, and policy uncertainty attributed to changes of Government in some major economies. Global inflation has moderated, with central banks in some major economies lowering interest rates. International oil prices have moderated, but the risk premium from the Middle East conflict has increased following the recent escalation.

Global economic output showed resilience in the first half of 2024, with modest growth anticipated in 2024 and 2025, mainly due to improving economic activities in the United States, China, and India. Global growth was estimated at 3.3 percent for 2023 is projected to continue at the same pace in 2024 and 2025. However, the divergence in output across the countries at the beginning of the year narrowed partly attributed to waning cyclical factors and a better alignment of growth with the potential. Even though global headline inflation concerns are diminishing, core inflation remains persistently high. Financial market conditions have remained stable throughout 2024, reflecting improved global investor sentiment and a softening of labor markets. However, the outlook faces significant downside risks, including escalating conflicts in the Middle East, uncertainties around the US elections, and consistently high interest rates in advanced economies.

Growth in the advanced economies is projected to remain stable at 1.7 percent in 2024 and 1.8 percent in 2025. Growth in the US has been revised downwards by 0.1 percentage points from the World Economic Outlook (WEO) April projections as consumption moderated and the labor market eased. Growth prospects for the Euro area were revised upwards by 0.1 percentage points following strong momentum in the services sector and higher than expected net exports in the first half of the year. The Euro area and the UK are projected to grow by 0.9 percent and 0.7 percent, respectively in 2024. In the emerging market and developing economies, growth is projected at 4.3 percent in 2024 and 2025, reflecting stronger activity in Asia particularly China and India. In Sub-Saharan Africa (SSA), economic growth is projected to rise from an estimated 3.4 percent in 2023 to 3.7 percent in 2024 and 4.1 percent in 2025. Growth has been revised downwards by 0.1 percentage points in the April WEO attributed to a weaker growth outlook in Nigeria on account of weaker than expected activity in the first quarter of 2024. Nigeria and South Africa are expected to grow by 3.1 percent and 0.9 percent in 2024, respectively.

Global financial conditions remained accommodative boosted by positive corporate valuations. Global headline inflation is expected to fall to 5.9 percent and 4.4 percent in 2024 and 2025, respectively. which is a slower pace due to higher-than-average inflation in services prices. World trade growth is expected to increase 3.1 percent and 3.4 percent in 2024 and 2025, respectively. Annual average oil prices and non-fuel commodity prices are projected to increase by 0.8 percent and 5.0 percent in 2024, respectively.

3.2.1 Domestic Economic Development

The Kenyan economy is currently unwinding from the effects of negative and persistent global and domestic shocks that had pushed the economy to its lowest activity level. These shocks included COVID-19 pandemic and its ensuing effects, conflict in Eastern Europe and Middle East that led to global supply chain disruptions and the adverse effects of climate change from the prolonged drought in 2021 to the floods in the first half of 2024. These shocks escalated the cost of essential household commodities including fuel prices, and led to a rapid depreciation of the Kenya Shilling exchange rate, pilling pressure on public debt.

Various government interventions, structural reforms and policies have supported economic recovery. The economy grew by 5.6 percent in 2023 from 4.9 percent in 2022, a demonstration of resilience and the beginning of economic recovery. The growth was largely driven by a strong rebound in the agricultural subsector, which benefited from favorable weather conditions after two years of severe droughts and the robust performance of the services sector. The performance of the industrial sector, particularly manufacturing which has remained subdued. This growth momentum has continued in 2024 with the economy expanding by 5.0 percent in the first quarter compared to a growth of 5.5 percent in the corresponding quarter in 2023.

The primary sector grew by 5.0 percent in the first quarter of 2024 compared to a growth of 5.3 percent in the first quarter of 2023. This was as a result of the robust growth in the agriculture, forestry and fishing sub-sector despite a contraction in the mining and quarrying sub sector. Activities in the agriculture, forestry and fishing sub-sector expanded by 6.1 percent in the first quarter of 2024 compared to a growth of 6.4 percent in a similar quarter in 2023. The performance was evident in the significant increase in production of tea, milk and sugarcane during the quarter under review. Mining and Quarrying sub-sector contracted by 14.8 percent in the first quarter of 2024 compared to a contraction of 11.0 percent over the same period in 2023. This was due to a decline in production of most minerals such as titanium, soda ash and gemstone.

Industrial sector performance remained subdued, with growth of the sector slowing down to 1.1 percent in the first quarter of 2024 from a growth of 2.5 percent in a similar quarter of 2023. This was mainly on account of a slowdown in activities in all its sub-sectors i.e. the manufacturing, electricity& water supply and construction subsectors.

The Manufacturing sub-sector grew by 1.3 percent in the first quarter of 2024 compared to 1.7 percent growth in the corresponding quarter of 2023. In the manufacture of food products, growth was supported by tea and dairy processing in spite of the decline in the production of soft drink. In addition, the production of cement declined in the review period. The Electricity and water supply sub-sector also recorded a decelerated growth of 2.4 percent in the first quarter of 2024 compared to a growth of 3.7 percent in the corresponding quarter of 2023 supported by an increase in hydroelectric power generation and a decrease in thermal power generation. Activities in the construction sub-sector similarly registered a decelerated growth of 0.1 percent compared to 3.0 percent growth recorded in the first quarter of 2023. The slowdown in the construction sub-sector was reflected in the decline in the volume of cement consumption and imported bitumen. However, the volume of iron and steel imported increased during the review period.

The activities in the services sector continued to sustain strong growth momentum in the first quarter of 2024 and grew by 6.2 percent compared to a growth of 6.5 percent in a similar period in 2023. The performance was largely characterized by significant growths in accommodation and food service, financial and insurance, information and communication, real estate, and wholesale and retail trade sub-sectors. Accommodation and food service activities reflected post COVID recovery inspite of the lingering effects of the pandemic. Consequently, the sub-sector grew by 28.0 percent in the first quarter of 2024 compared to a growth of 47.1 percent recorded in the corresponding quarter of 2023.

Financial and insurance sub-sector sector grew by 7.0 percent in the first quarter of 2024 compared to 5.9 percent in the corresponding quarter of 2023 on account of increased profitability of the subsector. The information and communication subsector grew by 7.8 percent compared to a growth of 9.5 percent, over the same period supported by increased voice traffic, internet use and mobile money despite a decline in the use of domestic Short Messaging Services (SMSs). Activities in Transportation and Storage sub-sector slowed down to record a growth of 3.8 percent in the first quarter of 2024 compared to a growth of 6.6 percent in a corresponding period in 2023. The growth in the sub-sector was mainly supported by increased activities in Port throughput and an increase in the number of international passenger arrivals and departures.

Available economic indicators for the first half of 2024 point to mixed performance in the economy reflecting sustained performance in agriculture, improved exports and services sector and subdued industrial sector. In view of this and other consideration including domestic and external factors, economic growth is projected at 5.2 per cent in 2024 and 5.4 per cent from earlier projections of 5.5 per cent, respectively. These projections are underpinned by broad based private sector growth and ongoing Government interventions and strategies under the Bottom Up Economic Transformation Agenda (BETA). Additionally, implementation of prudent fiscal and monetary policies will continue to support economic activity.

Figure; Annual Real GDP Growth Rates, percent

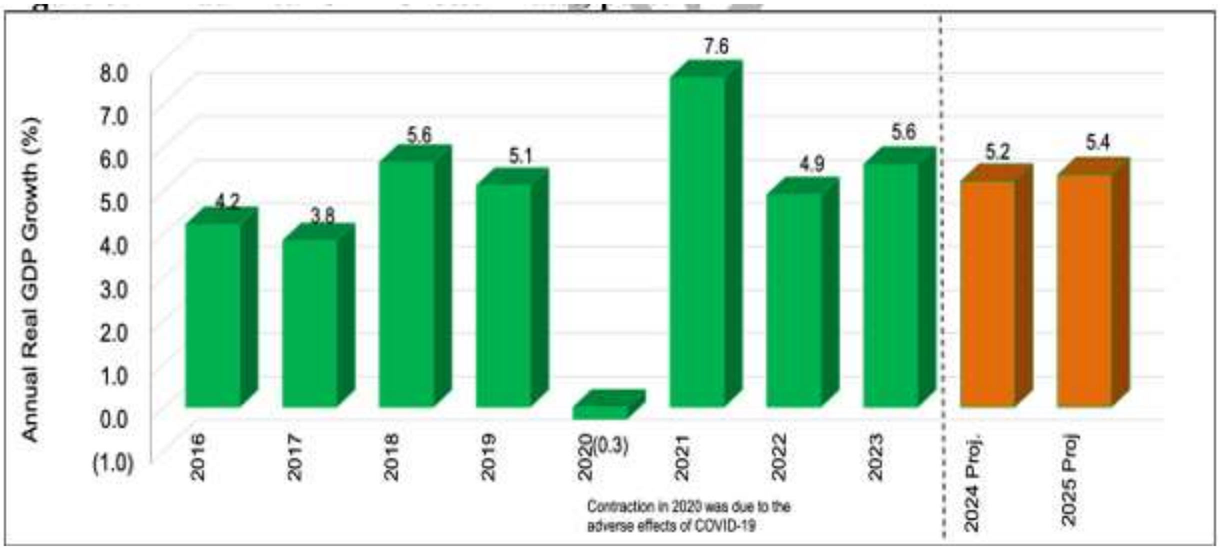


Figure 9 Annual Real GDP Growth

Source of Data: Kenya National Bureau of Statistics

Inflation Developments

The overall year-on year inflation is within the Government target range of 5±2.5 percent largely driven by easing food and fuel prices. Overall inflation remained stable at 4.4 percent and 4.3 percent in August and July 2024, respectively, thereby remaining below the mid-point of the target for three consecutive months. This is a drop from 6.7 percent in August 2023, and a peak of 9.6 percent in October 2022 (Figure 10). Favourable weather conditions coupled with targeted government interventions have partly led to the reduction in the cost of food production thereby lowering food inflation. Other factors expected to support low inflation include the pass-through effects of the strengthening exchange rate, decreases in electricity and pump prices and the CBK monetary policy stance.

To anchor inflation expectations and address exchange rate pressures, the Central Bank of Kenya through the Monetary Policy Committee (MPC) tightened the monetary policy by raising the Central Bank Rate (CBR) from 10.5 percent in July 2023 to 13.0 percent in February 2024. However, in the Monetary Policy Committee meeting held on August 6, 2024, the Committee decided to lower the CBR to 12.75 per cent as the previous measures had contributed to lowering overall inflation to below the mid-point of the target range, stabilized the exchange rate, and anchored inflationary expectations.

Food inflation remained a key driver of overall year-on-year inflation though it declined to 5.3 percent in August 2024 from 7.5 percent in August 2023. The easing of food prices was supported by increased food supply arising from favorable weather conditions, continued Government interventions particularly through subsidized fertilizer, and the general easing of international food prices. Prices of most vegetable food items increased in the month of August 2024 compared to the same period in 2023 while those of non-vegetable food items declined during the same period.

Fuel inflation declined to 4.7 percent in August 2024 from 14.2 percent in August 2023. The decline largely reflecting the easing global oil prices and appreciation of the Kenya Shilling's which resulted in a downward adjustment of pump prices; and lower electricity prices. Core (non-food non-fuel) inflation has remained low and stable reflecting the impact of tight monetary policy and muted demand pressures.

Figure: Inflation Rate, Percent

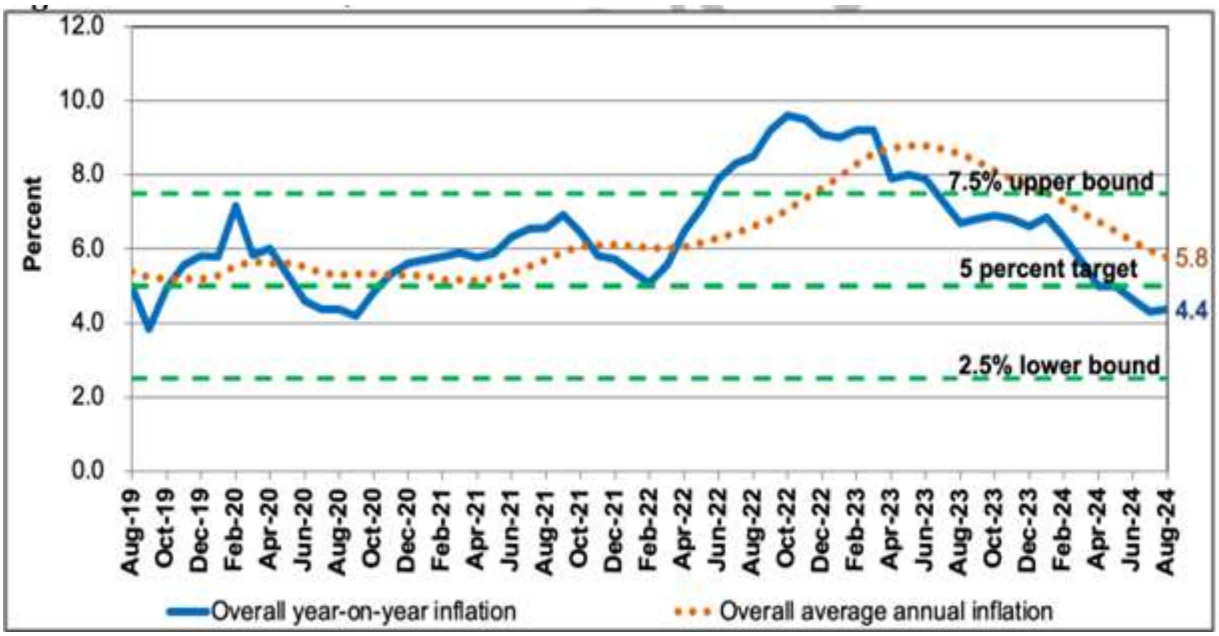


Figure 10 Inflation rate

Source of Data: Kenya National Bureau of Statistics

Monetary and Credit Developments

Broad money supply, M3, grew by 6.0 percent in the year to June 2024 compared to a growth of 13.4 percent in the year to June 2023. The slowdown in growth of M3 was due to a decline in the growth of Net Domestic Assets (NDA) particularly the domestic credit. The primary source of the growth in M3 was an improvement in the Net Foreign Assets (NFA) of the banking system. The NFA of the banking system in the year to June 2024 expanded by 53.2 percent compared to a growth of 29.5 percent in the year to June 2023. The increase in Net Foreign Assets, mainly reflected an increase in commercial banks' Foreign Assets.

Net Domestic Assets (NDA) contracted by 0.2 percent in the year to June 2024, compared to a growth of 11.5 percent over a similar period in 2023. The slowdown in growth of the NDA reflects a decline in growth of the domestic credit to both the Government and the private sector. The domestic credit extended by the banking system to the Government decreased to a growth of 7.9 percent in the year to June 2024 compared to a growth of 13.0 percent in the year to June 2023. Lending to other public sectors grew by 1.5 percent compared to a contraction of 0.5 percent over the same period.

Growth in private sector credit from the banking system slowed to 4.0 percent in the year to June 2024 compared to a growth of 12.2 percent in the year to June 2023, reflecting the impact of exchange rate appreciation on foreign currency denominated loans and monetary policy tightening. Reduced credit growth was observed in manufacturing, trade (exports) and building and construction. These are some of the sectors with significant foreign currency denominated loans.

The Monthly (month on month) credit flows to the private sector have slowed down since December 2023 following the monetary policy action of increasing the central bank rate to manage inflation expectation which resulted in the increased cost of credit. Sustained demand particularly for working capital due to resilient economic activity, the implementation of the Credit Guarantee Scheme for the vulnerable MSMEs and the projected economic growth for 2024 will continue to support private sector credit uptake.

Interest Rates Developments

Interest rates in the year to August 2024 increased reflecting the tight monetary policy stance. The interbank rate increased to 12.97 percent in August 2024 compared to 10.48 percent in August 2023 and has remained within the prescribed corridor around the CBR (set at CBR± 150 basis points). The 91-day Treasury Bills rate increased to 15.8 percent in August 2024 compared to 13.3 percent in August 2023 while the 182-day Treasury Bills rate also increased to 16.7 percent from 13.2 percent over the same period. The 364-day Treasury Bills rate increased to 16.9 percent in August 2024 from 13.6 percent in August 2023. This has increased the cost of borrowing by Government from the domestic market.

Commercial banks average lending and deposit rates increased in the year to July 2024 in tandem with the tightening of the monetary policy stance thereby reflecting high cost of investable funds. The average lending rate increased to 16.8 percent in July 2024 from 13.8 percent in July 2023 while the average deposit rate increased to 11.3 percent from 8.4 percent over the same period. Consequently, the average interest rate spread decreased to 5.6 percent in July 2024 from 5.4 percent in July 2023.

External Sector Developments

The current account deficit narrowed to USD 4,091.3 million (3.2 percent of GDP) in June 2024 compared to USD 4,840.9 million (4.5 percent of GDP) in June 2023 reflecting lower imports, strong performance of export of goods and services as well as increased remittances. Goods exports increased by 5.0 percent in the 12 months to June 2024 compared to a similar period in 2023, reflecting increased exports of agricultural commodities and exports. Goods imports declined by 3.3 percent in the 12 months to June 2024 compared to a similar period of 2023, reflecting lower imports across all categories, except sugar, machinery and transport equipment, crude materials, and miscellaneous manufactures. In this respect, the balance in the merchandise account improved by USD 961.1 million to a deficit of USD 9,887.8 million in June 2024. Remittances increased by 12.9 percent to USD 4,536 million in the 12 months to June 2024 compared to USD 4,017 million in a similar period in 2023. Tourist arrivals improved by 27.2 percent in the 12 months to June 2024 compared to a similar period in 2023.

The capital account balance improved by USD 12.8 million to register a surplus of USD 138.5 million in June 2024 compared to a surplus of USD 125.8 million in the same period in 2023. Net financial inflows declined to USD 2,817.1 million in June 2024 compared to USD 3,420.4 million in June 2023 reflecting a slowdown in inflows to the government and other sectors. However, portfolio investments and financial derivatives registered a net outflow during the period partly due to Kenya's limited access to international financial markets owing to elevated borrowing costs.

The overall balance of payments position slowed down to a surplus of USD 657.6 million (0.5 percent of GDP) in June 2024 from a surplus of USD 1,096.5 million (1.0 percent of GDP) in June 2023.

Foreign Exchange Reserves

The banking system's foreign exchange holdings remained strong at USD 16,438.0 million in June 2024, an improvement from USD 13,165.6 million in June 2023. The official foreign exchange reserves held by the Central Bank stood at USD 8,462.7 million compared to USD 8,036.7 million over the same period in 2023 (Figure 14). Commercial banks holdings increased to USD 7,975.3 million in June 2024 from USD 5,128.8 million in June 2023.

The CBK foreign exchange reserves remained adequate. Official foreign exchange reserves stood at USD 7,349 million (3.8 months of import cover as at end August 2024) and continue to provide adequate buffer against short-term shocks in the foreign exchange market.

Exchange Rate Developments

The foreign exchange market remained stable in the first half of 2024 despite increased global uncertainties, effects of a stronger U.S. Dollar and geopolitical tensions in the Middle East. The Kenya Shilling exchange rate was weaker at the turn of the year but strengthened against the U.S. Dollar from mid-February 2024 through August 2024. It strengthened by 10.15 per cent, 8.55 per cent and 9.55 per cent against the US Dollar, Sterling Pound, and the Euro, respectively in August 2024 compared to a similar period in 2023. It exchanged at an average of Ksh 129.32 per US dollar in August 2024 compared with Ksh 143.93 per US dollar in August 2023. Similarly, the Kenya Shilling underperformed in all EAC regional currencies over the period under consideration. The foreign exchange market was mainly supported by inflows from agricultural exports, remittances and portfolio investors while demand was driven by pickup in economic activities specifically in the manufacturing, wholesale, and retail sectors.

Through the repayment of the 2024 Eurobond, the Government successfully lowered investor uncertainty and improved the financial markets perception. The appreciation and stability of the exchange rate has created confidence and triggered inflows of foreign direct investment and attracted investors to the Nairobi Securities Exchange. This appreciation has helped to reduce debt service costs, improve performance of domestic borrowing and stabilize interest rates.

Figure: Kenya Shillings Exchange Rate

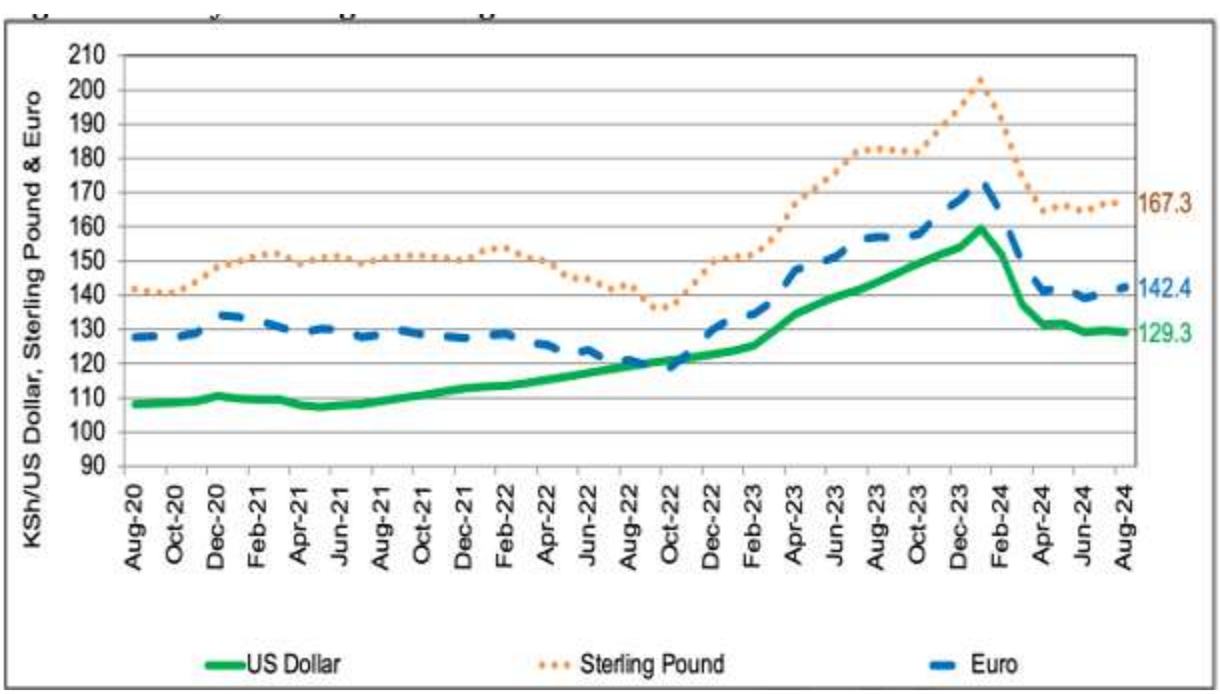


Figure 11 Kenya Shillings Exchange Rate

Source of Data: Central Bank of Kenya

Capital Markets Developments

Economic recovery, appreciation of the Kenya Shilling against major international currencies and macroeconomic stability have created confidence and triggered inflows of foreign direct investment and attracted investors to the Nairobi Securities Exchange. The NSE 20 Share Index improved to 1,678 points in August 2024 compared to 1,540 points in August 2023 while market capitalization also improved to Ksh 1,620 billion from Ksh 1,545 billion over the same period.

3.3 Global and National Macro-Economic Outlook

3.3.1 Global Growth Outlook

Global economy has stabilized with global growth projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023. The outlook reflects economic recovery in China, Euro area and UK, despite a slowdown in activity in the USA and Japan. The main risks to the global growth outlook relate to further escalation of geopolitical tensions, interest rates remaining higher-for-even-longer in advanced economies, and policy uncertainty attributed to changes of Government in some major economies. Global inflation has moderated, with central banks in some major economies lowering interest rates. International oil prices have moderated, but the risk premium from the Middle East conflict has increased following the recent escalation.

Global economic output showed resilience in the first half of 2024, with modest growth anticipated in 2024 and 2025, mainly due to improving economic activities in the United States, China, and India. Global growth was estimated at 3.3 percent for 2023 is projected to continue at the same pace in 2024 and 2025. However, the divergence in output across the countries at the beginning of the year narrowed partly attributed to waning cyclical factors and a better alignment of growth with the potential. Even though global headline inflation concerns are diminishing, core inflation remains persistently high. Financial market conditions have remained stable throughout 2024, reflecting improved global investor sentiment and a softening of labor markets. However, the outlook faces significant downside risks, including escalating conflicts in the Middle East, uncertainties around the US elections, and consistently high interest rates in advanced economies.

Growth in the advanced economies is projected to remain stable at 1.7 percent in 2024 and 1.8 percent in 2025. Growth in the US has been revised downwards by 0.1 percentage points from the World Economic Outlook (WEO) April projections as consumption moderated and the labor market eased. Growth prospects for the Euro area were revised upwards by 0.1 percentage points following strong momentum in the services sector and higher than expected net exports in the first half of the year. The

Euro area and the UK are projected to grow by 0.9 percent and 0.7 percent, respectively in 2024. In the emerging market and developing economies, growth is projected at 4.3 percent in 2024 and 2025, reflecting stronger activity in Asia particularly China and India. In Sub-Saharan Africa (SSA), economic growth is projected to rise from an estimated 3.4 percent in 2023 to 3.7 percent in 2024 and 4.1 percent in 2025. Growth has been revised downwards by 0.1 percentage points in the April WEO attributed to a weaker growth outlook in Nigeria on account of weaker than expected activity in the first quarter of 2024. Nigeria and South Africa are expected to grow by 3.1 percent and 0.9 percent in 2024, respectively.

3.3.2 Domestic Growth Outlook

Kenya's economic performance is projected to remain stable over the medium term. Growth is expected to moderate from 5.6 percent in 2023 to a forecast of 5.2 percent in 2024 and 5.4 percent in 2025. The growth in 2024 and 2025 will benefit from the enhanced agricultural productivity and a resilient services sector. The rebound in Kenya's agricultural sector is expected to be largely driven by favourable weather conditions and productivity-enhancing government interventions. The industrial sector will see growth primarily in manufacturing largely reflecting reduction in costs of production and easing of exchange rate pressures; and in construction partly attributed to increased public spending on affordable housing. The services sector is expected to remain resilient, with ICT reforms boosting growth in financial services, health, and public administration. However, increased uncertainties in both the external and domestic environments, such as the escalation of geopolitical tensions and potential disruptions in supply chain networks, could negatively impact commodity markets and slow down this potential growth.

On the demand side, aggregate domestic demand is expected to remain resilient even as public sector consolidates with the private sector playing a stronger role in Kenya's medium term recovery. Bumper agricultural harvests, moderate inflation, a recovery in employment, and modest growth of credit to private sector will support growth in private consumption. Moreover, remittance inflows to Kenya are projected to remain resilient, providing further support to household incomes. Private consumption is expected to complement moderate government consumption in the context of fiscal consolidation.

Private investment will be supported by measures aimed at improving competitiveness, inclusivity, market efficiency, positive business sentiment, access to the international market, and projected FDI inflows. Investment will also benefit from an increased focus on Public Private Partnerships (PPPs), following the near completion of the harmonization of the Public Investment Policy, which will align

PPP and Public Investment Management frameworks. In the medium term, the Government targets PPP investments in key economic sectors to complement its development agenda. These sectors include Agriculture, Roads and Transport, Urban Development and Housing, Energy, Water, Information, Communication Technologies (ICT), and Health. The PPPs are also expected to partly fill the investment financing gap in the wake of ongoing fiscal consolidation efforts which would reduce government domestic borrowing and lower yields on government securities.

Government consumption and investments are expected to slowdown in 2024 and 2025 due to the ongoing growth friendly fiscal consolidation efforts. However, the development will be complimented with private sector investments in commercially viable development projects. Growth over the medium term will also be driven by sustained Government investments in the Bottom Up Economic Transformation Agenda. Particularly, investments in the nine priority value chains (Leather, Cotton, Dairy, Edible Oils, Tea, Rice, Blue economy, Natural Resources (including Minerals and Forestry), and Building Materials). Government interventions towards climate change adaptation and mitigation measures that include rehabilitation of wetlands and reforestation are expected to support growth over the medium term.

Kenya's external position is expected to remain supportive of macroeconomic stability. Overall, the current account deficit is expected to be stable in the medium term. Exports are expected to recover, both from improvements in the global and regional trade outlook, and domestic conditions. Exports are expected to benefit from the ongoing implementation of trade agreements such as regional economic communities and the AfCFTA. Increased remittance inflows and tourism receipts are expected to further provide foreign exchange buffer. Imports are expected to grow as domestic demand recovers, particularly of raw materials, fuels, and intermediate goods, consistent with investment growth and the stability in the foreign exchange market.

3.3.3 Monetary Policy Outlook

The monetary policy stance over the medium term will aim at achieving and maintaining overall inflation within the target range of 5±2.5 percent while maintaining a competitive exchange rate and stable interest rates. The flexible margin of 2.5 percent on either side of the inflation target is to cater for effects of external and domestic shocks and recurrence of extreme weather events that not only affect economic activities but also pose major fiscal risk. Maintaining the inflation rate at this level will help preserve macroeconomic stability and reduce undesirable fluctuations in economic performance. The targeted inflation will be supported by muted demand pressures consistent with prudent monetary policy and easing of domestic and global food and oil prices coupled with Government measures to lower cost of production.

The ongoing implementation of reforms to modernize Monetary Policy Framework and Operations continues to enhance monetary policy transmission and improve distribution of liquidity in the interbank market. In particular, the introduction of the interest rate corridor, currently set at CBR ± 250 basis points, has ensured that the interbank rate (operating target), closely tracks the CBR. The reduction of the applicable interest rate to the Discount Window from the current 600 basis points above CBR to 400 basis points above CBR has improved access to the Window. In addition, the width of the interest rate corridor was narrowed to ± 150 basis points in June 2024, and the discount window lowered from 400 basis points above CBR to 300 basis points to further enhance efficiency in the interbank market and strengthen alignment of the policy rate with the interbank rate. The Central Bank of Kenya has recently undertaken the following major reforms in the operation of the interbank foreign exchange market:

(i) Introduction of electronic matching systems (EMS) in the interbank market;

(ii) Requirement of maximum spread of 20 cents on indicative quotes in the interbank market removed; and

(iii) The CBK published exchange rate is now a weighted average rate of all interbank transactions executed the previous day. Previously, the published rate was based on the indicative rate provided by selected major players in the interbank market.

Additionally, the implementation of the DhowCSD, an upgraded Central Securities Depository infrastructure, has greatly enhanced efficiency in investment in Government Securities. The DhowCSD also continues to improve the functioning of the interbank market by facilitating collateralized lending amongst commercial banks and further reducing segmentation in the interbank market.

3.3.4 External Sector Outlook

Exchange rate stabilized and was Ksh 129.3 in August 2024 from Ksh 160.8 in January 2024. The Kenya Shilling is expected to remain stable on account of a stable current account deficit.

3.3.5 Fiscal Policy Outlook

The fiscal policy stance in the FY 2025/26 and over the medium term aims at supporting the priority programmes of the Government under the Bottom - Up Economic Transformation Agenda (BETA) and the MTP IV through a growth friendly fiscal consolidation plan. The plan targets to slow down the annual growth in public debt and implement an effective liability management strategy, without compromising service delivery to citizens. This is expected to boost the country's debt sustainability position.

Fiscal consolidation will be supported by continued efforts to enhance domestic revenue mobilization, reprioritize and rationalize expenditure while safeguarding priority Government programmes and social spending. Emphasis will be placed on enhanced revenue mobilization through a combination of tax administrative and tax policy reforms that include:

i. Implementation of the National Tax Policy and Medium-Term Revenue Strategy 2024/25-2026/27;

ii. Strengthening tax administration for enhanced compliance through expansion of the tax base, minimizing tax expenditures, leveraging on technology to revolutionize tax processes, sealing revenue loopholes and enhancing the efficiency of tax system; and,

iii. Focus on non-tax measures that Departments, Departments and Agencies can raise through the services they offer to the public.

On the other hand, Government will sustain measures to improve efficiency in public spending and reduce non-essential expenditures. This will include implementation of austerity measures aimed at reducing Government recurrent expenditure. Further, to reduce development expenditure, Government will scale up the use of Public Private Partnerships framework for commercially viable projects while considering the contingent liabilities that come under this framework, and review the portfolio of projects including those externally funded with a view to restructuring and re-aligning them with BETA. In addition, Government will roll out an end to-end e-procurement system whose aim is to maximize value for money and increase transparency in procurement.

To further strengthen management of public resources, the Government is in the process of transitioning from cash to accrual basis to improve cash management and enhance financial and fiscal reporting. The accrual accounting will enable the Government to account for all assets and liabilities including all Government assets. The Government will also entrench the adopted Zero-Based Budgeting approach in preparing the FY 2025/26 and future budgets. To implement Zero Based Budgeting, the National Treasury has developed the Budget Costing Tool in the IFMIS Budget Module for the National Government which has incorporated standardized costing methodologies to streamline calculation of budget baselines and prioritization to give credible base for preparation of budget estimates. Further, the Government will soon be operationalizing the Assets and Inventory Management Modules in the IFMIS for all MDAs. This will enable the Government have full visibility of all assets and inventory and facilitate optimal assets utilization and ensure idle and unserviceable assets are disposed in conformity with the existing legal requirements.

3.4 County Specific Outlook

3.4.1 Gross County Product (GCP)

GCP is a measure of how much each county contributes to Kenya's GDP and may therefore be interpreted as the "County GDP". According to KNBS, Gross County Product Report 2023, Mandera County GDP was estimated at Kshs. 63 million, which is 0.5 per cent of the national GDP in 2022. Mandera County's GCP for 2018 – 2022 has slightly improved between 2018 to 2021 but remained almost constant thereafter.

Figure 12 show the trend of GCP estimates covering the period 2018-2022 for Mandera County.

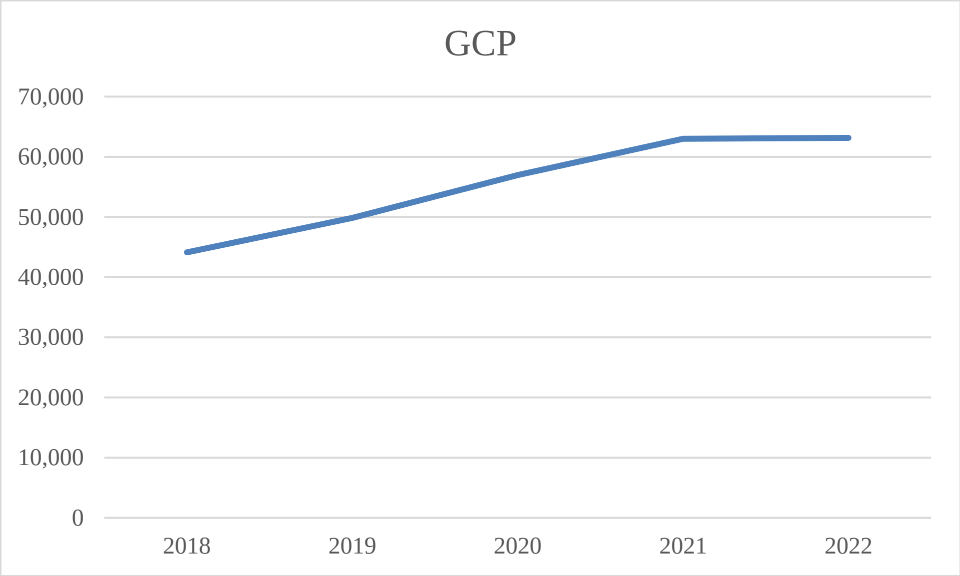


Figure 12 Mandera GCP Analysis

Source: KNBS

The major economic activities in the County include livestock farming, small-scale trade and quarrying. Nomadic pastoralism is the backbone of Mandera County with camels, goats, sheep and cattle being the main type of livestock reared. The region's vast pasture land has allowed this activity to be viable. But long droughts in the region and rampant diseases pose a threat to the livestock year in year out affecting livestock production. This further worsened the food insecurity situation in the county, thus forcing the county to inject resources in the Agriculture and Livestock sector.

The County's poor roads cause delays in deliveries of commodities and increase in transport costs that are in turn transferred to the consumer, with prices varying upward to 65% on some products as compared to recommended retail prices in other areas. Improvement of infrastructure within the County, in conjunction with the National Government will enable other productive sectors to thrive.

Investment in Trade, Industrialization and Cooperative sector will help in the creation of employment in the informal sector. The construction of major roads cutting across the County will ease movement and transportation of goods and services; this will open up the County for trade and development. To this effect the county has invested in road construction which has greatly improved accessibility to market places as well as movement of human capital to all parts of the county.

The County government has made significant investments in roads, health and water infrastructures. The outbreak of the Covid-19 pandemic clearly restated the role of health in economic development. Healthcare system has improved tremendously through provision of medical supplies, construction of maternities and dispensaries. Construction and equipping of additional boreholes has improved water accessibility for both human and animals. The County Government has also expanded agricultural growth through the supply of pump sets, construction of canals, provision free certified seeds and fertilizers to improve productivity.

Livestock development and value addition to livestock products continued through improved access to livestock markets such as construction and repairs of existing livestock markets, provision of livestock feeds, improved animal health and general disease control. To avoid overreliance on rain fed agriculture and ensure food sustainability, the county government is committed to investing in water and irrigation programmes.

In an endeavour to uplift the lives of the vulnerable members, the county provided cash transfers to orphanages, relief food supplies, and housing units to vulnerable families in every sub-county of Mandera. In addition, all the emerging incidences on disasters were timely reported and responded to during the financial year.

The economy of Mandera County for the FY 2024/2025 is likely to be suppressed due to restrained activities in retail trade as a result of border closures with the neighboring Somalia and Ethiopia. In order to remain resilient, the County government will continue implementing interventions towards post-Covid-19 recovery. The county government will continue undertaking appropriate measures to put the economy on an improved growth path in the medium term.

3.5 Medium Term Fiscal Framework

The Government of Kenya has adopted a policy of expenditure prioritization with a view to achieving the transformative development agenda which is anchored on provision of core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies, implementation of the constitution, creation of employment opportunities and improving the general welfare of the people.

The County Government of Mandera is committed to fiscal discipline in order to promote productive sector growth and overall economic growth. In this regard, expenditure management and revenue administration reforms have been implemented with Departments expected to adopt the culture of doing more with less that is available with a view to promote sustainability and affordability. Sustainability, affordability and strict prioritization are therefore expected to be the norm rather than an exception in the county.

In the Financial year 2024/2025 and the FY 2025/2026 and the medium term, Mandera County Government Administration will work to implement the Mandera County CIDP III (2023-2027) which is inclusive of the "BETA" agenda, the 2nd Governor's Transformative agenda, the County's Flagship Projects, the County residents' aspirations among Other Departmental Projects and initiatives in order to achieve the issues affecting the Mandera County residents as stipulated in the CIDP, and at the same time revive the County's Economy.

For the County Government, all the development programs will revolve around the national policy although emphasis will be placed on the funding of devolved functions which is the core business of the County Government. The following areas will receive the greatest attention in the 2025/2026 budget:

- Creation of key infrastructural facilities and public works necessary for stimulating Countywide economic growth.
- Provision of water and food security
- Enhanced good governance, transparency and accountability in the delivery of public goods and service.
- Promotion of social economic development and stability.
- Promotion of trade and commerce to spur economic growth and development.
- Promotion of environmental protection and roper and prudent use of land resource.
- Completion of all ongoing projects and payment of all pending liabilities.

3.6 Risks to the Economic Outlook

Kenya's growth outlook portrays a stable macroeconomic environment in the medium term. However, there are downside risks to this macroeconomic outlook emanating from domestic as well as external sources. External risks include further escalation of geopolitical tensions – particularly the wars in the Middle East and Ukraine; potential worsening of supply disruptions due to the shipping crisis in the Red Sea and Suez Canal, which could result in higher import and production costs; and uncertainty about the evolution of international oil prices. Internally, extreme weather (drought or floods) could weaken agricultural output, lead to destruction of capital, increase food insecurity and lead to a surge in cases of water-borne diseases.

Lower than anticipated global economic growth and particularly in major exports destination could reduce Kenya's exports, tourism receipts, and remittances growth, while increase in global fuel prices could increase Kenya's imports bill. Tight global financial conditions arising from lower-than-expected return of global inflation to target levels could aggravate Kenya's vulnerabilities towards meeting external financing requirements. However, the government's commitment to fiscal consolidation and prioritizing concessional borrowing is expected to mitigate this risk.

The upside risk to the domestic economy relate to fast-tracked implementation of structural reforms under BETA and the Fourth Medium-Term Plan (MTP) IV. Early normalization in global financing conditions and lower international fuel and food prices would strengthen Kenya's external balances. Faster than projected rebound in economic activities that would result in higher Government revenues providing fiscal space that would support fiscal consolidation. Continued coordination between monetary and fiscal policies are expected to result to a stable macroeconomic conditions which is a necessary condition for investment and savings thereby promoting economic growth.

The National Government continues to monitor the domestic and external environment and will take appropriate policy measures to safeguard the economy against the adverse effects of the risks if they were to materialize.

The County Government of Mandera has a good prospect of performing better in the forthcoming financial year. However, the following factors may pose considerable risks to the realization of the County's noble objectives:

- On the external front, the key downside risks include: uncertainty about the global outlook, reflecting adverse effects of the war in Ukraine, inflationary risks (from rising prices of food and oil), and supply chain constraints as well as increased global financial markets volatility amid the tightening of monetary policy in advanced economies.
- On the domestic front, lower agricultural output due to potential adverse climate change and weather conditions may pose a challenge.
- Exposure to risks arising from public expenditure pressures, particularly wage and security related recurrent expenditures and the erratic weather associated shocks that could have negative impact on energy generation and agricultural output leading to higher inflation that could slow down growth.
- Overreliance by Counties on equitable share of revenue hence exposing them to fiscal shocks occasioned by revenue underperformance at the national level.
- Delayed disbursement of funds from the exchequer is another fiscal risk that the county might run in

to. Delayed disbursement resulting from disagreements on revenue sharing formula and division of revenue leads to late owning of obligation by the county and might lead to interest charges by the county suppliers and service providers. This increases the county's operating costs and leads further to accumulation of pending bills. It negatively affects service delivery, budget absorption and delays submission of statutory deductions.

- There is risk of decreased funding for County Governments due to the austerity measures adopted from time to time by National Government due to biting cash crunches. The adoption of the proposed fourth generation formula will be disastrous for the county.
- Insecurity that hampers the smooth operations of county programs/projects and scares away investors and skilled manpower. Terrorism acts pose a threat to a country's economic growth and development trajectories as it leads to destruction of property, loss of lives, inhibited foreign investment and diversion of public funds to help counter the same. Most of these attacks are usually instigated by the Al-Shabaab who has been noted to frequently use ambushes and IEDs to target Kenyan security forces, other civil servants and Government vehicles in the County.
- Technological risks i.e. Frequent IFMIS breakdowns and challenges that slow down the county's ability to absorb funds in a timely manner.
- Frequent boarder closures. The closure of Kenya-Somalia boarder from time to time may disrupt movement of goods and services thereby leading to low own source revenue collections for the county.
- Existence of pending liabilities that will consume large amount of funds.
- Political disturbances from the county assembly and frequent litigations from members of public have the potential to delay timely implementation of projects. Litigations and court injunctions can also derail timely execution of the Budget. These litigations can arise from county's processes especially procurement where perceived unfair competition may land the county in a court of law. Orders to repeat the whole procurement process will expose the county to disadvantages of time value of money, increase operation costs and lose valuable time in delivering the Budget.
- Persistent drought and other calamities that lead to deviation of resources. Mandera County is prone to both natural and human inflicted hazards. Losses resulting from these disasters can be economic, environmental and social, reducing the coping abilities of the affected population and increase vulnerability to recurring disasters. Once a disaster occurs the Government is always obligated to prevent social welfare reduction by incurring cost of returning the citizen's welfare to normalcy. This in turn has fiscal implications. Recurring droughts and floods lead to stresses on health, fragile ecosystem and water system, famine and displacement. The expansion of informal settlements as a result of high population growth in urban areas is also at risk of water scarcity, flooding and heat.

- ➢ Financial integrity.

3.7 Measures to Mitigate on the Risks

The National Government has faced difficult policy trade-offs to secure economic recovery and navigate existing macroeconomic challenges amidst diminishing fiscal space. Among the fiscal measures implemented by the National Government to minimize the adverse impact of these emerging issues to the Kenyan economy include, among others:

- Subsidizing pump prices through the Petroleum Development Levy Fund;
- Reduction in electricity tariff by 15 percent to lower cost of power;
- Granting waiver of import duty on 540,000 metric tonnes of white non-genetically modified (non-GMO) imported into the country; and waived for a period of 3 months, the Railway Development Levy and the Import Declaration Fee on the importation of the gazetted white maize;
- Implemented Fertilizer Subsidy - to farmers during the April planting season (Ksh 3.0 billion) and a further Ksh 2.7 billion for the next planting season in October 2022;
- Reduced the VAT rate on LPG from 16% to 8% in the Finance Act, 2022;
- Increased the minimum wage for low earners by 12 percent with effect from 1st May, 2022.

The County Government is continually monitoring the county specific risks and will employ the following monetary and fiscal policy measures to mitigate on the risks to the outlook and preserve macroeconomic stability and strengthen resilience in the County economy;

- Enhancing Own Source Revenue collection to reduce over reliance on National Government Funding and disbursements. The County will enhance the capacity of the Directorate of Revenue to ensure efficiency in revenue collection;
- Timely initiation of the procurement processes for development projects;
- Civic education- building the capacities for communities to understand the roles played by both the National and County Government to avoid scenarios where the residents demand the County Government starts planning and financing of functions under the National Government or vice versa;
- Proper Coordination with the National Government Departments in execution of concurrent functions;
- Improving the ease of doing business in the County and creating conducive social and economic environment in the County to attract private investments while also encouraging innovation, growth and expansion of economic and employment opportunities;
- Investment in staff capacity development, retention and productivity;

- Developing of supportive systems and frameworks e.g. M&E, Revenue Collection, and Investment Promotion;
- The County will apply the spirit of the Public Procurement and Disposal Act, 2015 which explicitly outlines how procurement should be conducted to the procurement risks.
- Preach peace to all political leaders and champion unity of purpose;
- Pursue reforms that will improve the country’s security and create a conducive business environment that will consistently attract foreign investment. Notable reforms continue to be undertaken and encompass the development of counter-terrorism strategies that entail cooperation among all the security agencies, enhanced training of security personnel, the adoption and use of technology by the security agencies in detecting crime, collaboration with the local communities on matters concerning security, acquisition of modern security equipment and awareness creation among Kenyans with regard to terrorism and crime acts.
- Focus on developing the County Infrastructure mainly the roads, energy, public works and physical planning.
- Mainstreaming of crosscutting issues especially on youth, women and persons with disability on development matters.
- Value addition for agricultural produce, horticulture and floriculture.
- Improved marketing channels for agricultural produce.
- Strengthening the Agricultural Mechanization Station to offer mechanization services.
- Increase subsidies for agricultural inputs especially certified seeds and fertilizer.
- Development of a comprehensive County land use policy.
- Lobbying with the National Treasury for timely and adequate release of funds.
- In an effort to build public trust and both domestic and international investor`s confidence in corporate body operating in the country, the Government will continue to enhance good corporate governance.
- Strict adherence to the provisions of the law and existing legal frameworks
- The Public Finance Management Act, 2012 section 110 provides for establishment of an emergency fund to allow for forward budgeting and appropriation for funds for emergencies or amendment of the budget through a supplementary. The Budget will always be cognizant of natural calamities like floods and famine which may befall the county and force the county to rework its budget to accommodate the situation. This will divert funds from strategic areas and affect smooth implementation of the programmes in the Budget.
- Strengthen emergency response system including medical services to reduce the spread of pandemic, fire,

floods, locusts and other natural catastrophes.

CHAPTER FOUR

RESOURCE ALLOCATION FRAMEWORK

4.1 Implementation of the FY 2024/2025 Budget

The implementation of the country's FY 2024/2025 budget has been impeded by the withdrawal of Finance Bill 2024, that was expected to raise an additional revenue amounting to Ksh 344.3 billion. To ensure seamless implementation of the FY 2024/25 budget and safeguard the fiscal consolidation plan, the National Treasury embarked on expenditure rationalization through the Supplementary Estimates I. Expenditure rationalization targeted recurrent and development budgets for all MDAs including Constitutional Commissions, Independent Offices, Parliament, the Judiciary and the shareable allocation to County Governments. The fiscal projections for the 2024 BROP have been revised from those of the 2024 BPS estimates taking into account the fiscal outcome of the FY 2023/24 and the impact of the withdrawal of the Finance Bill, 2024.

Therefore, overall revenues for the FY 2024/2025 are projected at Ksh 3,060.0 billion (16.9 percent of GDP) in the Supplementary Estimates I, from the initial budget estimates of Ksh 3,343.2 billion (18.5 percent of GDP) which is lower by Ksh 283.2 billion. Similarly, total expenditures are projected at Ksh 3,880.8 billion (21.5 percent of GDP) from the budgeted Ksh 3,992.0 billion (22.1 percent of GDP) reflecting overall expenditure cuts of Ksh 111.2 billion. Arising from the adjustments in expenditures and revenues, the overall fiscal deficit including grants expands to Ksh 768.6 billion (4.3 percent of GDP) from Ksh 597.0 billion (3.3 percent of GDP) in the approved Supplementary Estimates I. The deficit will be financed by a net foreign financing of Ksh 355.5 billion (2.0 percent of GDP) and a net domestic financing of Ksh 413.1 billion (2.3 percent of GDP).

The withdrawal of the Finance Bill 2024 is anticipated to considerably disrupt the county government's budget and planned programmes, with the National Treasury advocating for a reduction in county allocations. Consequently, the County Government of Mandera is poised to lose a substantial portion of its projected revenues.

Furthermore, the potential implementation of the fourth basis revenue formula presents an additional challenge. If the formula is enacted, the county stands to suffer a significant financial setback, with an estimated loss of approximately Kenya Shillings 2.1 billion.

Nevertheless, budget implementation during the first quarter of the FY 2024/25 has progressed well. The Own Source Revenues collected in the quarter amounted to Ksh 42,681,784. The collection has not met the targets despite the enhanced revenue generation efforts by the county government. However, a decent improvement of Kshs. 7,809,907 has been recorded compared to Kshs. 34,871,877 realized in the first quarter of the FY 2023/2024.

Table 15: FY 2024/2025 Quarter 1 OSR Collections

Revenue Sources	**July**	**August**	**September**	**Total**
Land rents	3,140,360	2,299,100	1,418,344	**6,857,804**
Plot Transfers/Sub-Divisions/Application Fees	1,888,300	1,610,940	1,330,000	**4,829,240**
Building plan	-	59,500	-	**59,500**
Miraa Movements	481,200	526,600	490,300	**1,498,100**
Single Business Permit	719,240	629,800	774,500	**2,123,540**
Market Stalls/ Shades	548,000	720,440	805,440	**2,073,880**
Market Gates/Cess	58,500	78,900	89,000	**226,400**
Buspark/Taxis/Parking	245,200	267,210	523,440	**1,035,850**
Income from Quarries	84,600	112,500	123,200	**320,300**
Barriers	794,900	1,008,840	1,012,640	**2,816,380**
Livestock Markets Auction	397,000	454,100	708,840	**1,559,940**
Livestock Movement	1,493,400	1,369,400	1,173,600	**4,036,400**
Slaughter fees and Charges	347,400	311,500	492,940	**1,151,840**
Produce Cess	584,100	452,350	608,600	**1,645,050**
Agriculture Mechanization/Hire of Equipment	35,000	29,000	30,000	**94,000**
Rental income	84,600	44,600	53,400	**182,600**
Tender Fees	516,920	-	-	**516,920**
Public Health	36,100	27,100	35,100	**98,300**
Hospital collection	2,629,430	2,481,980	2,645,030	**7,756,440**
Income from Water Management	200,230	122,000	3,477,070	**3,799,300**
Grand Total	**14,284,480**	**12,605,860**	**15,791,444**	**42,681,784**

Source: *Revenue Directorate, Mandera County*

4.2 Criteria for Resource Allocation in FY 2025/2026 and Medium Term

The Kenyan Government is operating under constrained fiscal environment. In view of this the Government has adopted Zero Based Budgeting Approach to guide the prioritization and allocation of the scarce resources to Projects and Programmes. Departments, Departments, and Agencies are therefore required to re-evaluate all the existing/planned activities, projects, and programmes to be funded in the FY 2025/26 and Medium Budget. In this regard, the principles of efficiency, effectiveness and economy of public spending shall strictly be enforced by ensuring low-priority expenditures give way to high-priority service-delivery programmes.

Thus, Sector Working Groups (SWGs) are expected to eliminate wasteful expenditures and pursue priorities which are aimed at safeguarding livelihoods, creating jobs, reviving businesses and economic recovery. SWGs are also expected to ensure that all expenditure items in the FY 2025/26 Budget are justified and emphasis is placed on allocating the limited resources based on programme efficiency and requirement rather than incremental budgeting.

In line with the above requirement, therefore, the County Government of Mandera's Medium Term Expenditure Framework (MTEF) will continue to focus expenditure on priority sectors by reducing non-priority expenditures. All proposed projects will be evaluated to ensure their appropriateness in addressing the County's core objectives and aspirations.

The Third Mandera County Integrated Development Plan (2023-2027), will be used to guide identification of investment programmes and projects by departments as well as guaranteeing regional distribution balance in terms of development projects. Hence, it is imperative to note that the only projects and programmes to be funded in the MTEF are those captured in the CIDP III. But for year on year basis and including the following financial year, the resource allocation will be based on the Annual Development Plans.

In terms of proposed allocations for FY 2025/2026, the health, social sectors, early childhood education, and vocational training will receive adequate resources. These sectors are already receiving a significant share of resources in the budget and are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate and achieve their strategic objectives.

On improving infrastructure, the County Government will continue to commit a substantial share of resources targeting physical infrastructures, such as roads, energy, water and irrigation. The funding to these sectors will increase interconnectivity, communication, reliable and affordable energy, as well as increased access to clean water for domestic use and irrigation projects.

Further, the County Government will invest heavily in projects under Departments of Roads & Public Works, Lands, Housing & Physical Planning, Culture, Sports & Youth Development, Trade and Cooperative Development. The County Government will in particular ensure that all the major ongoing projects under these sectors are fast tracked and completed.

4.3 Summary of the Resource Allocation Criteria

The allocation of resources to projects is based on;

- Completion and operationalization of ongoing projects;
- High impact/flagship projects should be given priority;
- Development of key infrastructure facilities and public works Countywide to stimulate growth, create employment and reduce poverty;
- Targeted Socio-Economic Sector enablers;
- Agriculture sector to create stable incomes and reduces poverty;
- Programmes geared towards Economic recovery;
- Linkage of the programmes with the Objectives of the Third CIDP;
- Degree to which a programmes addresses Core Poverty Interventions and the National BETA Agenda;
- Degree to which the programmes is addressing the Core Mandate of the Department;
- Enhancing Governance, Transparency and Accountability in the delivery of public goods and service;
- Cost effectiveness and sustainability of the Programmes;
- Programmes that communities/stakeholders have identified and recognized as important through public participation fora;
- Linkage of the programme with the priorities of Medium-Term Plan IV of the Vision 2030;
- Extent to which the Programme seeks to address viable stalled projects and verified pending bills; and
- Requirements for furtherance and implementation of the Constitution

Based on the above broad guidelines, SWGs are expected to develop and document sector specific criteria for prioritization and resource allocation within the resource envelope. To facilitate the finalization and approval of the 2024 BROP and other policy documents within the stipulated timelines, MDAs are required to strictly undertake the activities outlined in the Budget Calendar within the set timeframes. The Budget Calendar provided in Annex Table 4 outlines the timeframes for delivery of policy documents, reports and relevant Bills.

4.3 Revenue Outlook

According to the 2024 Draft National BROP 2024, transfer to Counties is projected to be Ksh 432.7

billion in the FY 2025/2026. The County Government of Mandera expects a total resource envelope of about Kshs. 13.5 billion. The County's main source of revenue has been the equitable share from National Government and this will continue to be the case in the coming Financial Year.

The County expects an increase in its equitable share for FY 2025/2026 due to larger audited National Government budget accounts. Other principal sources of revenue for the County include Conditional Grants from the World Bank, DANIDA, Department of Agriculture (GoK) and local revenue receipts. However, the approval of the proposed fourth generation revenue sharing formula will drastically reduce the county's revenues.

The County Treasury will continue to focus extensively on establishing structural reforms aimed at rationalization of revenue collection procedures, harmonization of local revenue collection policies as well as decentralization of local revenue collections to the ward level. These measures have already yielded results as evidenced by increased collections experienced in the period under review.

The county, therefore, anticipates a local revenue collection of over Kshs. 300 million for FY 2025/2026. The National Treasury has directed Counties to maintain a balanced budget. To realize this, the County will continue to explore long term and innovative revenue raising measures such as public private partnerships (PPP) to achieve its development objectives in the face of limited resources.

Finally, the proposed budget for FY 2025/2026 will be rolled out on the background of updated medium term framework and outlook with expenditure ceilings for the Departments being provided in the 2025 County Fiscal Strategy Paper to be released in February 2025.

4.4 Medium-Term Expenditure Framework

At national level, the FY 2025/2026 and the Medium Term Budget will continue to focus on the implementation of the priorities of the Medium Term Plan IV and Bottom-Up Economic Transformation Agenda (BETA). The focus will be on the following five (5) pillars with the largest impact on the economy as well as household welfare: Agricultural Transformation; Micro, Small and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Economy. Further, the Government will implement strategic interventions under the following key enablers: Infrastructure; Manufacturing; Blue Economy; the Services Economy; Environment and Climate Change; Education and Training; Women Agenda; Youth Empowerment and Development Agenda; Social Protection; Sports, Culture and Arts; Governance; and Foreign Policy and Regional Integration.

In FY 2025/26 and the medium term, resource allocation for the priority programmes will be done through a value chain approach under five clusters namely: i) Finance and Production; ii) Infrastructure; iii) Environment and Natural Resources; iv) Social Sectors; and v) Governance and Public Administration. The key priorities and interventions will focus on the following value chains: i) leather and leather products, ii) textile and apparel, iii) dairy, iv) tea, v) rice, vi) edible oils, vii) blue economy, viii) natural resources (including minerals & forestry); and, ix) construction and building materials. The value chain approach ensures rational resource allocation by eliminating wastage of resources occasioned by duplication, overlaps, fragmentation and ineffective coordination in the implementation of programmes and projects, while promoting a 'Whole-of Government-Approach' to service delivery.

In the FY 2025/2026 and the Medium term, the County Government of Mandera will continue with its policy of expenditure prioritization with a view to supporting economic recovery and achieving its transformative development agenda. This agenda is anchored on provision of core services, creation of employment opportunities improving the general welfare of the people and ensuring equity while minimizing costs through the elimination of duplication and inefficiencies.

The County Government of Mandera has continued to prioritize key strategic interventions across all departments to accelerate economic growth for social economic transformation and prosperity. The main areas being boosting agriculture productivity, improved access to quality health care and clean water, expanding access to affordable energy access, empowering youth and promoting education and facilitating infrastructural development.

Using the lessons learnt in the previous two phases of devolution the county will continue to allocate resources to key result areas that will spur economic growth and development. The county will also continue adopting new reforms in its budget expenditure management and deepen financial management reforms. A lot of capacity building on public finance has taken place through the KDSP in the previous phases of devolution. This has sensitized key officials on key areas such as budgeting and procurement.

Key infrastructural projects such as the County headquarter, the tarmacking of Mandera town roads and the Mandera water system have been completed in the previous fiscal years to elevate the County's economic prospects. The County with its new reforms and automation of local revenue collections expects to avoid big revenue shortfalls that lead to budgets deficits.

Despite the positive outlook in the medium term, there are risks to the County's medium term expenditure framework such as insecurity, limited resources, long droughts, funds delays, the reemergence of Covid-19 pandemic, and political disturbances. The County will monitor these risks and will adopt appropriate measures to safeguard the economic welfare and stability of the population.

4.5 Public Participation and Involvement of Stakeholders

As required by the Public Finance Management (PFM) Act, 2012 this County Budget Review and Outlook Paper has been shared with various stakeholders and the public for comments before its finalization. Specifically, the document has been reviewed and finalized having involved various stakeholders including County Budget and Economic Forum (CBEF), Civil Society Organizations (CSOs), Community Based Organizations (CBOs), local community leaders, development partners and the private sector among others.

CHAPTER FIVE

CONCLUSION AND NEXT STEPS

The 2024 CBROP has been prepared in accordance with the PFM Act, 2012 and its Regulations. The document provides an overview of the government's financial performance for the FY 2023/2024 including compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act. The 2024 CBROP has highlighted the key County Government policies and objectives that will underpin the creation and implementation of the FY 2025/2026 budget.

The medium term macroeconomic and fiscal projections in the 2024 CBROP have been revised from those of the 2024 County Fiscal Strategy Paper (CFSP) estimates taking into account the macroeconomic and fiscal outcome of the FY 2023/24 and the anticipated impact of the withdrawal of the Finance Bill, 2024.

The 2024 CBROP forms the basis for the development of the 2025 CFSP that will detail the progress in the implementation of the priority policies and strategies of the Government under BETA as prioritized in the MTP IV of the Vision 2030; the CIDP 2023-2027, and the 2024 ADP. The preparation of the FY 2025/26 and the medium-term budget that will be guided by the Budget Calendar (Annex 1).

Taking into account the constrained fiscal environment, the Kenyan Government has adopted Zero Based Budgeting Approach to guide the prioritization and allocation of the scarce resources to projects and programmes in the FY 2025/2026. MDAs have been advised to re-evaluate all the existing/planned activities, projects, and programmes to be funded in the FY 2025/2026 and medium term budget. SWGs should therefore eliminate wasteful expenditures and pursue priorities which are aimed at safeguarding livelihoods, creating jobs, reviving businesses and economic recovery. The sector ceilings provided for the FY 2025/26 budget and the Medium Term will form inputs into the 2025 CFSP.

The County Government of Mandera will not only continue to ensure proper prioritization of public expenditures to the most impactful programmes with highest welfare benefits to its citizens but also focus on revenue mobilization and address the decline revenue trends. As such, the creation of the FY 2025/2026 budget will be broad based and consultative. To achieve this, the accounting officers have already been advised through budget circular issued on 30^{th} August 2024 to form Sector Working Groups (SWGs). The SWGs will do a detailed and careful costing of various programs and projects and ensure the key priorities of every sector are articulated in the coming budget. These SWGs is the only vehicle through which county Departments can bid for resources and justify allocations.

The 2025 CFSP which will be issued mid-February next year will provide a more updated fiscal framework and will add more flesh to the information already provided in this CBROP. Further, the CFSP will give a clear budget ceiling for every sector. This will enable SWGs to prioritize their projects and come up with a balanced budget that accommodates their priority programs.

Annexures

Annex I: Budget Calendar for FY 2024/2025

S/No	Major Activities	Responsibility	Deadline
1.	Preparation and submission of budget Circular	County Treasury	30th August 2024
2.	Familiarization of Programme Based Budget	Departments/sectors/entities	Continuous
3.	Submission of Annual Development Plan	County Treasury	1st September 2024
4.	Identification of key programs in eachDepartment	Each Department	September 2024
5.	Preparation and Submission of County Budget Review and Outlook Paper (CBROP) to the Cabinet	County Treasury	By 30th September, 2024
6.	Submission of Approved County Budget Review and Outlook Paper (CBROP) to the County Assembly	County Treasury	By 11th October, 2024
7.	Stakeholders/Public Participation Programs	Treasury/Departments	November 2024
8.	Preparation of CFSP and Submission to the County Assembly	County Treasury	By 28th February 2025
9.	Preparation of DMSP and Submission to the County Assembly	County Treasury	By 28th February 2025
10.	Submission of draft departmental programs and detailed budget to the County Treasury (The budget must adhere to the ceiling given in CFSP)	Each Departments	By 15th March 2025
11.	County Treasury to compile, consolidate, rationalize, allocate resources, and finalize the budget for submission to the cabinet.	County Treasury	29th March 2025
12.	Approval of the budget by the Cabinet	The cabinet	By 15th April 2025
13.	Submission of the budget to the County Assembly	County Treasury	By 30th April 2025
14.	Submission of finance bill 2025 to the County Assembly	County Treasury	By 30th April 2025
15.	Preparation of Appropriation bill, Gazettement, the approval and assent of the bill, Gazettement of the Act, General Warrant, and sign-off	County Assemblyand County Treasury	By 30th June 2025
16.	Approval of the Finance Bill	County Assembly	By 30th June 2025
17.	Preparation of procurement plan based on the Budget	Each Departments	By 15th July 2025

Annex II: Departmental Expenditure Ceilings for FY 2025/2026-2027/2028

DEPARTMENT	Approved Budget		Expenditure Forecast		
	FY 2023/2024	FY 2024/2025	FY 2025/2026	FY 2026/2027	2027/2028
EXPENDITURES	**13,000,831,007**	**14,890,964,243**	**14,125,522,370**	**14,135,522,370**	**14,215,522,370**
County Assembly	**1,013,000,000**	**986,332,517**	**826,528,540**	**849,824,396**	**873,819,128**
Recurrent	753,911,204	883,911,204	776,528,540	799,824,396	823,819,128
Development	259,088,796	102,421,313	50,000,000	50,000,000	50,000,000
Agriculture, Livestock and Fisheries	**712,812,454**	**993,897,350**	**877,338,717**	**795,358,878**	**603,619,644**
Recurrent	259,552,152	349,348,598	267,338,717	275,358,878	283,619,644
Development	453,260,302	644,548,752	610,000,000	520,000,000	320,000,000
Education and Human Capital Development	**1,332,379,239**	**1,403,611,692**	**1,273,507,655**	**1,286,244,886**	**1,278,112,885**
Recurrent	1,119,910,345	1,132,276,588	1,153,507,655	1,166,244,886	1,188,112,885
Development	212,468,894	271,335,104	120,000,000	120,000,000	90,000,000
Social Development	**699,156,253**	**680,492,651**	**616,467,339**	**619,361,360**	**602,342,200**
Recurrent	93,657,611	113,804,960	96,467,339	99,361,360	102,342,200
Development	605,498,642	566,687,691	520,000,000	520,000,000	500,000,000
Finance and Economic Planning	**446,033,397**	**486,808,006**	**431,558,525**	**503,902,856**	**454,205,281**
Recurrent	409,280,122	469,808,598	421,558,525	483,902,856	434,205,281
Development	36,753,275	16,999,408	10,000,000	20,000,000	20,000,000
Health Services	**2,664,849,412**	**2,657,530,035**	**2,907,237,443**	**2,923,805,709**	**2,999,519,880**
Recurrent	2,321,225,903	2,165,448,332	2,381,993,165	2,523,805,709	2,599,519,880
Development	343,623,509	492,081,703	525,244,278	400,000,000	400,000,000
Trade and Cooperative Development	**232,415,642**	**472,999,537**	**410,195,394**	**282,366,240**	**252,301,256**
Recurrent	68,150,868	60,549,748	70,195,394	62,366,240	72,301,256
Development	164,264,774	412,449,789	340,000,000	220,000,000	180,000,000
Lands and Urban Development	**734,483,299**	**820,722,859**	**831,736,624**	**865,613,888**	**877,430,066**
Recurrent	228,161,485	243,588,219	237,287,944	253,331,748	246,779,462
Development	506,321,814	577,134,640	594,448,680	612,282,140	630,650,604
County Executive services	**497,889,646**	**501,872,333**	**552,059,566**	**607,265,523**	**667,992,075**

Recurrent	497,889,646	501,872,333	552,059,566	607,265,523	667,992,075
Development	-	-	-	-	-
Office of the County Secretary & Head of Public Service	**66,502,802**	**246,286,068**	**302,174,650**	**308,239,890**	**304,252,822**
Recurrent	66,502,802	196,286,068	202,174,650	208,239,890	214,252,822
Development	-	50,000,000	100,000,000	100,000,000	90,000,000
Office of the County Attorney	**97,180,939**	**84,957,458**	**90,000,000**	**90,000,000**	**90,000,000**
Recurrent	97,180,939	84,957,458	90,000,000	90,000,000	90,000,000
Development	-	-	-	-	-
County Public Service Board	**80,949,490**	**90,182,541**	**84,938,745**	**93,432,620**	**102,775,882**
Recurrent	73,218,148	77,217,041	84,938,745	93,432,620	102,775,882
Development	7,731,342	12,965,500	-	-	-
Public Service Management, Devolved Units and Community Cohesion	**1,657,414,447**	**2,007,405,734**	**2,077,664,935**	**2,181,548,181**	**2,290,625,590**
Recurrent	1,620,814,447	2,007,405,734	2,077,664,935	2,181,548,181	2,290,625,590
Development	36,600,000	-	-	-	-
Roads, Transport and Public Works	**702,517,113**	**1,209,944,848**	**937,823,523**	**924,078,736**	**971,605,876**
Recurrent	307,112,294	294,617,033	337,823,523	324,078,736	371,605,876
Development	395,404,819	915,327,815	600,000,000	600,000,000	600,000,000
Water, Energy, Environment, and Climate Change	**2,063,246,874**	**2,247,920,614**	**1,906,290,712**	**1,804,479,207**	**1,846,919,784**
Recurrent	369,355,193	367,708,370	406,290,712	404,479,207	446,919,784
Development	1,693,891,681	1,880,212,244	1,500,000,000	1,400,000,000	1,400,000,000

Annex III: Summary of revenue projections over the medium term

CBROP Projections	Printed Estimates		Projections		
Revenue summary By Sources	FY 2023/2024	FY 2024/2025	FY 2025/2026	FY 2026/2027	FY 2026/2027
	Amount (Kshs)	Amount (Kshs)	Amount (Kshs)	Amount (Kshs)	Amount (Kshs)
Equitable share	11,633,191,646	12,054,974,660	12,054,974,660	12,054,974,660	12,054,974,660
Own Source Revenue Projections	330,533,846	336,533,846	340,000,000	350,000,000	350,000,000
On-Going Projects funds b/f from previous year	525,029,928	55,413,432	800,000,000	800,000,000	800,000,000
Equitable share (June 2024 Allocations not received)		930,655,331			
Allocation for Mineral royalties	1,028	-			
DANIDA Grant - Primary Health Care	18,653,250	15,746,250			
DANIDA Grant - Primary Health Care for FY 2023/2024 (Not received)		18,653,250			
DANIDA Grant - Primary Health Care (Balance in SPA)		1,190,001			
Community Health Promoters Program	-	18,540,000	18,540,000	18,540,000	18,540,000
Sweden -Agricultural Sector Development Support Program (ASDSP) II	2,257,207	-			
Kenya Agricultural Business Development Project		10,918,919	10,918,919	10,918,919	10,918,919
Kenya Urban Support Project (KUSP) - UDG		142,013,441	142,013,441	142,013,441	142,013,441
Sweden -Agricultural Sector Development Support Program (ASDSP) II - National Government Contribution	-	-			
World Bank Emergency locust response Project (ELRP)	180,282,153	142,500,000			
Food Systems Resilience Project -(FSRP)	-	173,076,923	173,076,923	173,076,923	173,076,923
FLOCCA County Climate Institutional Support Grant FY 2023/24 Allocations (not received)		11,000,000			
FLOCCA County Climate Institutional Support Grant	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
FLOCCA CCIR Grant FY 2023/2024 Allocations B/f (Amount in SPA)		286,447,747			
FLOCCA CCIR Grant FY 2023/2024 and fy 2024/25 Allocations	182,351,172	163,686,676	182,351,172	182,351,172	182,351,172
FLOCCA balance from previous FY (in SP Account)	6,644,937	-			
KDSP balance in SP Account	851,785	-			
De-Risking and Value Enhancement (DRIVE)	72,541,980	-			
Conditional Grant for Aggregated Industrial Parks Programme	-	250,000,000	100,000,000	100,000,000	100,000,000
Conditional Grant for Provision of Fertilizer Subsidy Programme	13,777,962	-			
Kenya Devolution Support Programme 2 (KDSP II)	-	37,500,000	100,000,000	100,000,000	180,000,000
Roads Maintenance Fuel Levy		192,647,255	192,647,255	192,647,255	192,647,255
RMLF b/f	2,262,955	2,271,953			
Kenya Urban Support Project (Urban Development Grant)		1,194,559			
Kenya Urban Support Project (KUSP) – UIG		35,000,000			
Kenya Urban and Institutional Grant b/f	21,451,158	-			
TOTAL	**13,000,831,007**	**14,890,964,243**	**14,125,522,370**	**14,135,522,370**	**14,215,522,370**

Annex IV: Equitable Share Growth

Fiscal Year	Amount (Kshs)	Growth	Percentage of Growth
2013/14 (Base Year)	6,550,232,929	6,550,232,929	100%
2014/15	7,813,822,143	1,263,589,214	16%
2015/16	8,955,703,809	1,141,881,666	13%
2016/17	9,663,203,837	707,500,028	7%
2017/18	9,739,500,000	76,296,163	1%
2018/19	10,142,200,000	402,700,000	4%
2019/20	10,222,950,000	80,750,000	1%
2020/21	10,222,950,000	-	0%
2021/22	11,190,382,598	967,432,598	9%
2022/23	11,190,382,598	-	0%
2023/24	11,633,191,646	442,809,048	4%
2024/25	12,054,974,660	421,783,014	3%

Fig. Graphical Representation of the Equitable Share Growth