

**REPUBLIC OF KENYA**

**COUNTY GOVERNMENT OF MANDERA**



**OFFICE OF THE COUNTY EXECUTIVE COMMITTEE  
FINANCE AND ECONOMIC PLANNING**

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**COUNTY BUDGET REVIEW AND OUTLOOK PAPER  
(CBROP)**

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**SEPTEMBER, 2025**

**@2025 County Budget Review and Outlook Paper (CBROP)**

To obtain copies of the document, please contact:

Economic Planning and Statistics Office/The County Treasury

The County Headquarters Building

P. O. Box 13-70300, MANDERA, KENYA.

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## ABBREVIATIONS

<b>CBROP</b>	County Budget Review and Outlook Paper
<b>CFSP</b>	County Fiscal Strategy Paper
<b>FY</b>	Financial Year
<b>PFMA</b>	Public Financial Management Act
<b>CIDP</b>	County Integrated Development Plan
<b>CRA</b>	Commission on Revenue Allocation
<b>GDP</b>	Gross Domestic Product
<b>IFMIS</b>	Integrated Financial Management and Information System
<b>SME</b>	Small and Medium Enterprise
<b>MTEF</b>	Medium Term Expenditure Framework
<b>SRC</b>	Salaries and Remuneration Commission
<b>CPSB</b>	County Public Service Board
<b>KDSP</b>	Kenya Devolution Support Program
<b>PPP</b>	Public Private Partnership
<b>OSR</b>	Own Source Revenue
<b>SWG</b>	Sector Working Groups
<b>KSHS</b>	Kenya Shillings
<b>COB</b>	Controller of Budget
<b>BPS</b>	Budget Policy Statement
<b>DANIDA</b>	Danish International Development Agency
<b>KCSAP</b>	Kenya Climate Smart Agriculture Project
<b>ASDSP</b>	Agriculture Sector Development Support Project
<b>KUSP</b>	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 2024/2025 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, 2025.

In reviewing the fiscal performance, this paper analyzes the performance of County Own generated revenue in the FY 2024/2025. 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 revenues 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 2024/2025 is provided. The preparation of this CBROP will be an important tool that will help in the formulation of 2026/2027 budget and will also provide foundation for the 2026 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 2024/2025 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 2024/2025 was largely satisfactory although it recorded a lower performance in comparison to the previous financial year.

**CPA.Ibrahim Mohamed Adan, OGW.**

**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 2025 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 2024/25, the macro-economic outlook, financial projections for the FY 2026/27 and the Medium-Term Expenditure Framework. The paper also provides an overview of how the actual performance of the FY 2024/25 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 2024/25.

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**  
**Chief Officer, Economic Planning and Statistics**

## **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 prudence 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 fourth 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 21<sup>st</sup> 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 2024/2025.

The main goal of this CBROP is to provide a review of the previous year's fiscal performance and how this impact 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 2024/2025 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 2024/2025 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 2024/2025

#### 2.0 Overview

This chapter discusses the 2024/2025 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 2024/2025 the County had a Budget Resource Envelope of Kshs. 14,567,547,952 which comprised of Kshs. 8,912,272,071 (61%) for recurrent expenditure and Kshs. 5,655,275,880 (39%) 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 2023/2024 Financial Year.

The County's fiscal performance for the FY 2024/2025 was majorly satisfactory despite existence of numerous challenges occasioned by factors such as late releases of funds from the National Treasury and delays in approval of fund requests by Office of the Controller of Budget. The County Government in its FY 2024/2025 budget anticipated a local collection of Kshs. 350,000,000 which was about 2% of the County's annual budget. Kshs. 431,172,282 which translates to 123% of the targeted collection was realized at the end of the financial year. The OSR collections comprised Facilities Improvement Financing (FIF) of Kshs. 224,587,099 and Kshs. 206,585,183 from other OSR sources. On other revenue streams, the equitable share of revenue allocated by Commission on Revenue Allocation accounted for Kshs. 11,690,618,560 (80%). Other notable components of the County's revenue included unutilized funds from the previous financial year and Conditional grants.

During the FY 2024/2025, the County Government of Mandera received cumulative revenues amounting to Kshs 13,242,550,530 from National Government equitable share transfers, conditional

grants, unspent balances from the FY 2023/2024, and own generated revenue sources.

The Controller of Budget approved withdrawal of Kshs 11,690,619,376 from the County Revenue Fund (CRF) account, which comprised of Kshs. 3,857,904,394 (33%) for development expenditure of Kshs. 7,832,714,982 (67%) for recurrent expenditure.

The County received Conditional Grants amounting to Kshs. 134,690,109. This comprised of Kshs. 16,507,427 from FLOCCA CCIR Grant, Kshs. 70,127,131.77 from Food Systems Resilience Project -(FSRP) Kshs. 32,309,300.00 from Kenya Urban Support Project (KUSP) – UIG and Kshs 15,746,250.00 from DANIDA for Primary Health Care.

**Table. Summary of County Receipts by Source**

*Table 1: Summary of revenue receipts by source*

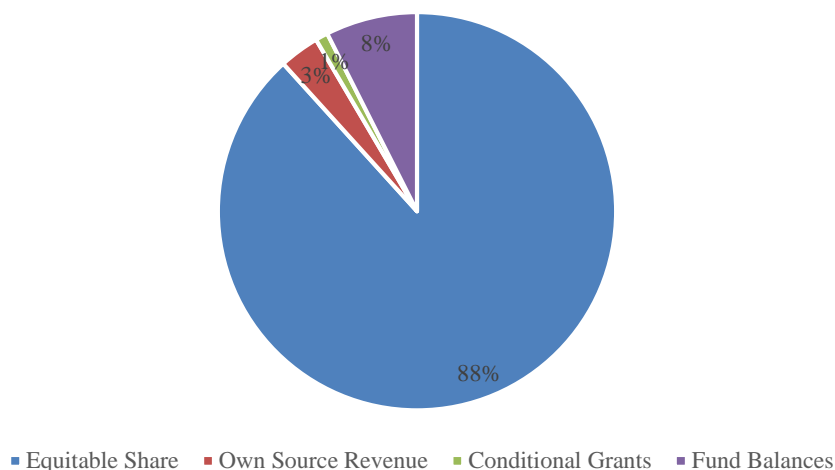
Revenue Type	Amount (Kshs)
Equitable Share	11,690,619,376
Own Source Revenue	431,172,282
Conditional Grants	134,690,109
Fund Balances	986,068,763
<b>Total</b>	<b>13,242,550,530</b>

Source: County Treasury

**Fig. Summary of county receipts by sources**

*Figure 1 Summary of county receipts by sources*

**Fig. Summary of county receipts by sources**



Source: *County Treasury*

The fiscal performance for FY 2024/2025 was promising despite a number of limitations which included;

- Delays in disbursement of funds from the National Government thereby delaying timely implementation of planned County programs.
- Recurring IFMIS breakdowns impacting negatively on the County's absorption of funds. This was primarily due to network failures and internet outages.
- Heightened security challenges across the County, which detrimentally affected multiple sectors of the County's operations and economy.
- 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 2024/2025 as realized from local sources and the equitable share from National Government with deviations.

**Table 2: County Revenue Performance Analysis**

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Revenue (Kshs.)	Variance (Kshs.)	Remarks
		B	C	D=B-C	
1	Equitable share	11,690,618,560	11,690,619,376	(816)	100%
2	Own Source Revenue Projections	350,000,000	431,172,282	(81,172,282)	123%
3	On-Going Projects funds b/f from previous year	55,413,432	55,413,432	-	100%



4	Equitable share (June 2024 Allocations not received)	930,655,331	930,655,331	-	100%
5	DANIDA Grant - Primary Health Care	15,746,250	15,746,250.00	-	100%
6	DANIDA Grant - Primary Health Care for FY 2023/2024 (Not received)	18,653,250	-	18,653,250	0%
7	DANIDA Grant - Primary Health Care (Balance in SPA)	1,190,001	-	1,190,001	0%
8	Community Health Promoters Program	18,540,000	-	18,540,000	0%
9	Kenya Agricultural Business Development Project	10,918,919	-	10,918,919	0%
10	Kenya Urban Support Project (KUSP) – UDG	142,013,441	-	142,013,441	0%
11	World Bank Emergency locust response Project (ELRP)	142,500,000	-	142,500,000	0%
12	Food Systems Resilience Project -(FSRP)	173,076,923	70,127,131.77	102,949,791	41%
13	FLOCCA County Climate Institutional Support Grant FY 2023/24 Allocations (not received)	-	-	-	
14	FLOCCA County Climate Institutional Support Grant	11,000,000	-	11,000,000	0%
15	FLOCCA CCIR Grant FY 2023/2024 Allocations B/f (Amount in SPA)	286,447,747	-	286,447,747	0%
16	FLOCCA CCIR Grant FY 2023/2024 and fy 2024/25 Allocations	182,351,172	16,507,427.00	165,843,745	9%
17	Conditional Grant for Aggregated Industrial Parks Programme	250,000,000	-	250,000,000	0%
18	Kenya Devolution Support Programme 2 (KDSP II)	37,500,000	-	37,500,000	0%
19	Roads Maintenance Fuel Levy	192,647,255	-	192,647,255	0%
20	RMLF b/f	2,271,953	-	2,271,953	0%
21	Kenya Urban Support Project (Urban Development Grant)	1,194,559	-	1,194,559	0%
22	Basic Salary Arrears for County Governments Health Workers	19,809,159			
23	Kenya Urban Support Project (KUSP) – UIG	35,000,000	32,309,300.00	2,690,700	92%
<b>Total</b>		<b>14,567,547,952</b>	<b>13,242,550,530</b>	<b>1,305,188,263</b>	<b>91%</b>

**Source:** County Treasury, Mandera

By the end of June 2025, some of the projected revenues were not fully achieved. This affected the budget absorption negatively. Other revenue sources that underperformed included DANIDA Grant - Primary Health Care, Kenya Agricultural Business Development Project, Kenya Urban Support Project (KUSP) – UDG, World Bank Emergency locust response Project (ELRP), FLOCCA CCIR

Grant, Kenya Devolution Support Programme 2 (KDSP II), Conditional Grant for Aggregated Industrial Parks Programme, and Roads Maintenance Fuel Levy which recorded 0% receipt.

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.

Further, the County generated a total of Kshs. 431,172,282 from own revenue sources in FY 2024/2025 deviating positively from the budgeted amount by 23%. This amount represented an increase of 155% compared to Kshs. 168,989,982 realized in FY 2023/2024. The increase is attributed to improved collection due to enforcement, automation and relative stability of the county security situation and approval and implementation FIF Act. The fiscal performance for the FY 2024/2025 was, therefore, considered a great success.

The following challenges were, however, notable:

1. Incidences of insecurity such as frequent terror activities along the major highways and border towns have scaled down County's economic prospects.
2. Delayed disbursement of funds from the National Government had negatively affected County's budget execution efforts.
3. 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.

### **FY 2024/2025 Monthly Local Revenue Collections**

*Table 3 Monthly OSR Collection Analysis*

<b>FY 2024/2025 Total monthly local revenue collection</b>		
<b>Month</b>	<b>Amount Collected</b>	<b>Cumulative collection</b>
July 2024	13,407,480	13,407,480
August 2024	11,870,468	25,277,948
September 2024	14,710,836	39,988,784
October 2024	14,261,039	54,249,823
November 2024	14,758,343	69,008,166
December 2024	30,343,828	99,351,993
January 2025	47,167,506	146,519,499

February 2025	53,387,856	199,907,355
March 2025	50,516,779	250,424,135
April 2025	76,360,389	326,784,523
May 2025	47,682,694	374,467,217
June 2025	56,705,065	431,172,282
<b>Total Collections</b>	<b>-</b>	<b>431,172,282</b>

*Source: Revenue Directorate, Mandera County Government*

The highest County Own Source Revenue collection was realized in the month of April 2025 amounting to Kshs. 76,360,389 followed by June 2025 amounting to Kshs. 56,705,065 and the month of February 2025 in which Kshs. 53,387,856 was collected while the least collection was in the month of August 2024 amounting to Kshs. 11,870,468.

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 2024/2025 Revenue Collection by Streams**

##### **Actual County Own Generated Receipts**

**Table 4: Actual County Own Generated Receipts**

Revenue Sources	2022/2023 Actual Realized	Actual Realized 2023/2024	Supplementary Budget Target 2024/2025	Actual Realized 2024/2025	Variance on Annual Target	Percentage of Performance
Land rents	23,922,170	42,530,249	71,055,477	35,985,537	35,069,940	49%
Plot Transfers/Sub-Divisions/Application Fees	15,802,550	16,401,101	52,590,771	14,409,240	38,181,531	73%
Building plan	3,922,433	264,001	4,507,780	702,300	3,805,480	84%
Miraa Movements	6,658,820	6,205,400	25,746,994	8,204,500	17,542,494	68%
Single Business Permit	11,808,102	15,716,074	31,452,729	19,709,420	11,743,308	37%
Market Stalls/ Shades	5,537,605	7,417,640	17,948,637	9,164,735	8,783,902	49%
Market Gates/Cess	1,698,810	566,340	2,314,519	552,000	1,762,519	76%
Buspark/Taxis/Parking	1,558,005	867,665	3,569,313	475,430	3,093,883	87%
Income from Quarries	1,027,900	1,106,400	2,184,181	812,562	1,371,619	63%
Barriers	4,633,063	13,809,823	10,601,096	20,681,061	- 10,079,965	-95%
Livestock Markets Auction	3,648,145	5,055,405	6,984,555	6,556,890	427,665	6%
Livestock Movement	5,912,978	6,610,267	12,416,647	12,470,617	- 53,970	0%

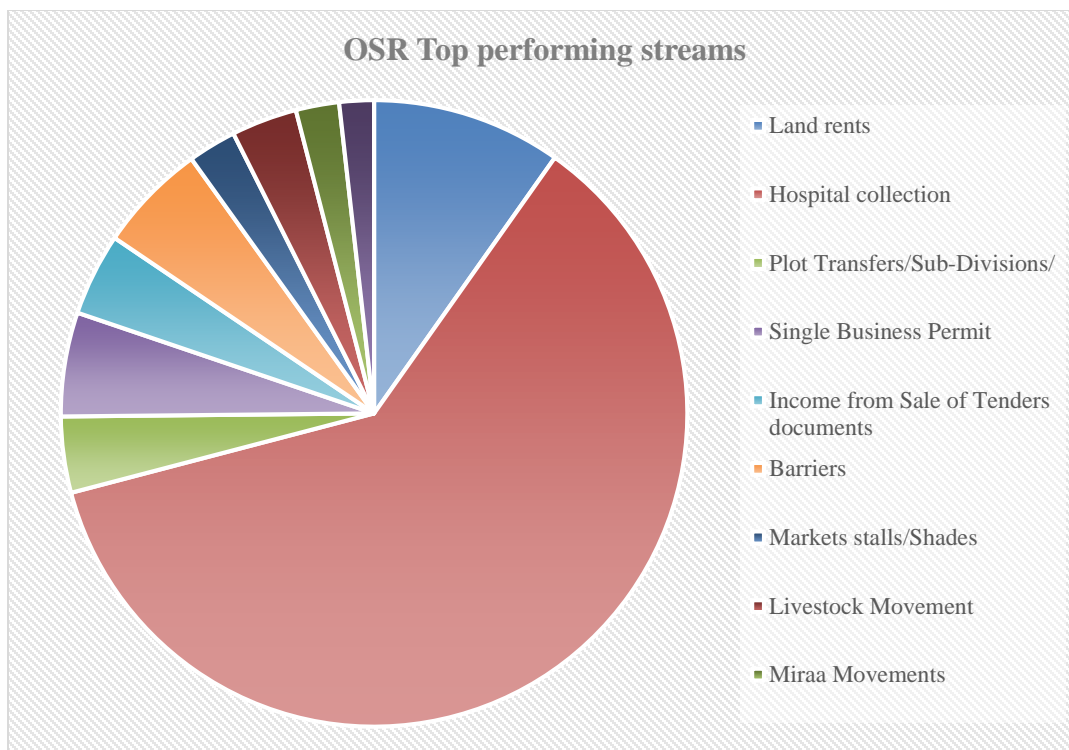
Slaughter fees and Charges	6,162,515	3,703,189	13,924,152	5,842,520	8,081,632	58%
Produce Cess	1,106,559	2,446,021	3,872,038	1,725,980	2,146,058	55%
Agriculture Mechanization/ Hire of equipment	30,000	364,000	1,850,193	288,000	1,562,193	84%
Rental income	-	15,637,173	1,421,293	1,085,600	335,693	24%
Tender Fees	960,500	507,190	8,503,226	30,608,100	- 22,104,875	-260%
Public Health	81,000		11,605,112	2,029,100	9,576,012	83%
Fire Service Fees	476,322	2,987,849	3,280,000	1,439,002	1,840,998	56%
Hospital collection	27,534,403	25,903,057	51,785,008	7,756,440	44,028,568	85%
Income from Water Management	778,400	891,137	12,386,281	33,842,589	- 21,456,307	-173%
<b>Grand Total</b>	<b>123,260,280</b>	<b>168,989,981</b>	<b>350,000,000</b>	<b>214,341,623</b>	<b>135,658,377</b>	<b>39%</b>
<b>HOSPITAL COLLECTIONS AFTER FIF ACT.</b>					-	
Hospital Collections			-	31,545,554	- 31,545,554	
Insurance Claims-Referrals			-	76,725,210	- 76,725,210	
Insurance Claims-Level 2 & 3			-	107,461,900	- 107,461,900	
Public Health			-	1,097,995	- 1,097,995	
<b>Sub-Total</b>				<b>216,830,659</b>	<b>- 216,830,659</b>	
<b>Grand Total</b>			<b>350,000,000</b>	<b>431,172,282</b>	<b>- 81,172,282</b>	<b>-23%</b>

*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. 13,242,550,530. Out of this amount, the budgeted amount from local collections was Kshs. 350,000,000 (2%). Despite this budgeted figure, Kshs. 431,172,282 was realized at the end of financial year. The revenue collection improved remarkably by Kshs. 262,182,301 compared to Kshs. 168,989,981 realized in FY 2023/2024.

## 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 Hospital collection, Land rents, 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 positive performance of the local revenue:

- The enactment, approval and implementation of FIF act.
- The County had leverage on the automated revenue collection covering all the streams and eliminated possibility of leakages.
- The county conducted stakeholders' engagement forums. The county provided Tax payer education through stakeholders' meetings, fliers, billboards Local station conversations

### **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 2024/25**

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 2013/14-2024/25)**

<b>FY</b>	<b>Target (Kshs)</b>	<b>Actual (Kshs)</b>	<b>Variance (Kshs)</b>	<b>Percentage of Performance</b>
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%
2024/25	350,000,000	431,172,282	-81,172,282	123%
<b>Total</b>	<b>2,696,352,424</b>	<b>1,595,080,183</b>	<b>1,101,272,241</b>	<b>59%</b>

Overall, the County has managed to attain only 59% 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 2024/2025)**

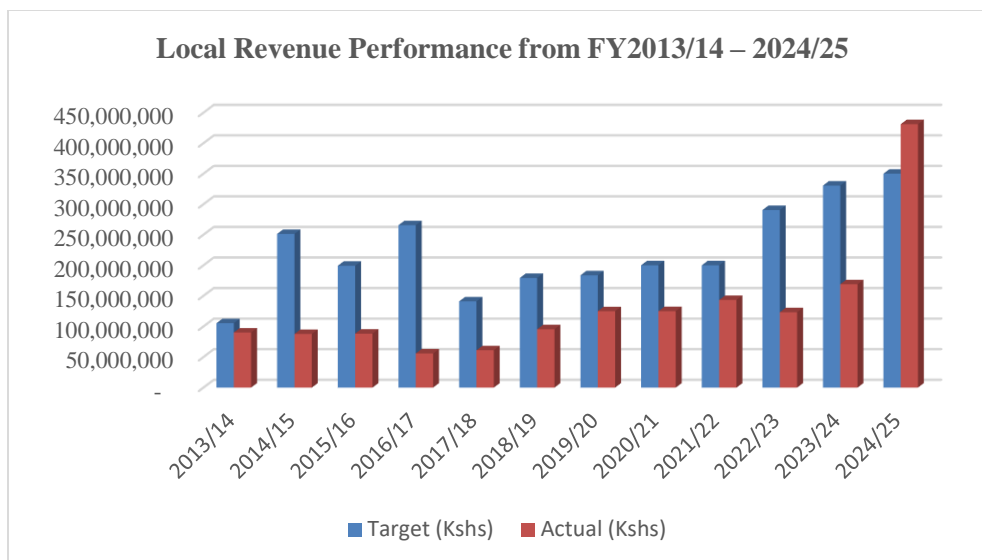


Figure 3: OSR Performance Targets Vs Actuals ( FY 2013/14 - FY 2024/25)

### OSR collection trend analysis from FY 2013/2014 – FY 2024/2025

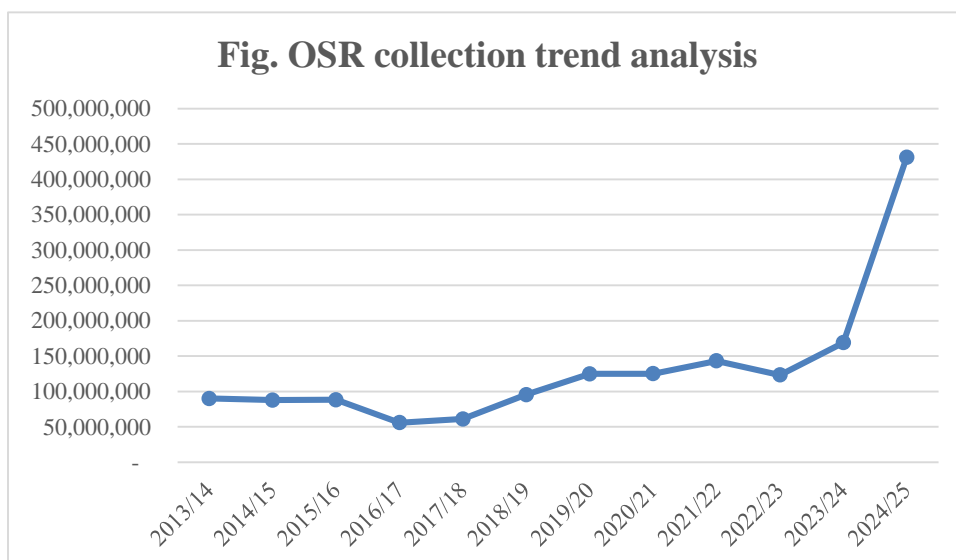


Figure 4: OSR Actual Collection Trends Analysis

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 and 2024/25 recorded the most improved performing during the period.

## 2.2 Expenditure Performance

The County Government's approved supplementary budget for FY 2024/2025 was Kshs. 14,567,547,952. A total of Kshs. 12,714,169,650 was spent on both development and recurrent activities. This absorption accounted for 87% of the total approved supplementary budget.

The recurrent expenditure for the year was Kshs. 8,647,028,909 against a target of Kshs. 8,912,272,071. The recurrent budget absorption was 97%, which is above the 94% that was recorded in FY 2023/2024. The development expenditure recorded an absorption rate of 72%, which was a decrease from 83% attained in FY 2023/2024. The actual expenditure on development programmes amounted to Kshs. 4,067,140,741 against a budgeted figure of Kshs. 5,655,275,880.

The overall budget execution status for both the development and the recurrent votes was satisfactory for the FY 2024/2025.

### **Total Expenditure**

*Table 6: Total Expenditure Summary*

<b>Expense Category</b>	<b>Annual Budget (Kshs.)</b>	<b>Total Expenditure (Kshs.)</b>	<b>Variance (Kshs.)</b>	<b>Absorption Rate (%)</b>
Recurrent	8,912,272,071	8,647,028,909	265,243,162	97%
Development	5,655,275,880	4,067,140,741	1,588,135,139	72%
<b>Total</b>	<b>14,567,547,951</b>	<b>12,714,169,650</b>	<b>1,853,378,301</b>	<b>87%</b>

*Source: County Treasury, Mandera County*

The variance of Kshs. 1,853,378,301 led to lower absorption of both recurrent (97%) and development expenditure (72%) by the County Departments. In particular, underperformance by the development vote was occasioned late releases of funds from the National Treasury.



## 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	825,043,653	131,288,864	956,332,517	811,762,295	120,901,863	932,664,158	23,668,359	98%
Agriculture, Livestock and Fisheries	309,552,041	642,672,552	952,224,593	297,042,614	374,974,959	672,017,573	280,207,020	71%
Education and Human Capital Development	1,084,270,715	266,437,504	1,350,708,219	1,059,854,593	266,437,504	1,326,292,097	24,416,122	98%
Social Development	207,984,776	461,189,191	669,173,967	206,484,776	394,289,191	600,773,967	68,400,000	90%
Finance and Economic Planning	446,146,092	16,999,408	463,145,500	445,909,893	11,999,408	457,909,301	5,236,199	99%
Health Services	2,196,170,559	452,081,703	2,648,252,262	2,133,663,112	442,081,703	2,575,744,815	72,507,447	97%
Trade and Cooperative Development	59,834,137	308,601,963	368,436,100	59,834,137	58,601,963	118,436,100	250,000,000	32%
Lands and Urban Development	235,270,587	602,134,640	837,405,227	234,470,590	433,267,145	667,737,735	169,667,492	80%
County Executive Services	480376341	-	480,376,341	471,877,526	0	471,877,526	8,498,815	98%
Office of the County Secretary	193,436,068	26,700,000	220,136,068	142,236,028	7,200,000	149,436,028	70,700,040	68%
Office of the County Attorney	81907458	-	81,907,458	81,907,458	0	81,907,458	0	100%
County Public Service Board	74,249,015	12,965,500	87,214,515	74,249,015	12,965,500	87,214,515	0	100%
Public Service Management, Conflict Management and Community Cohesion	2010593238	-	2,010,593,238	1,940,615,179	0	1,940,615,179	69,978,059	97%
Roads, Transport and Public Works	361,217,580	915,327,815	1,276,545,395	354,955,737	720,408,607	1,075,364,344	201,181,051	84%
Water, Energy, Environment and Climate Change	346,219,811	1,818,876,740	2,165,096,551	332,165,957	1,224,012,898	1,556,178,855	608,917,696	72%
<b>TOTAL</b>	<b>8,912,272,071</b>	<b>5,655,275,880</b>	<b>14,567,547,951</b>	<b>8,647,028,910</b>	<b>4,067,140,741</b>	<b>12,714,169,651</b>	<b>1,853,378,300</b>	<b>87%</b>

## Departmental Expenditure from FY 2021/2022 – FY 2024/2025

*Table 8: Departmental Expenditure from FY 2022/2023 – FY 2024/2025*

DEPARTMENT	2022/2023	2023/2024	2024/2025			
	Actual (Kshs)	Actual (Kshs)	Approved (Kshs)	Revised (Kshs)	Actual (Kshs)	Deviation (Kshs)
<b>EXPENDITURES</b>	<b>10,996,912,244</b>	<b>11,704,707,847</b>	<b>14,890,964,243</b>	<b>14,567,547,951</b>	<b>12,714,169,651</b>	<b>1,853,378,300</b>
<b>County Assembly</b>	-	<b>954,793,082.00</b>	<b>986,332,517</b>	<b>956,332,517</b>	<b>932,664,158</b>	<b>23,668,359</b>
Recurrent	-	748,345,699.00	883,911,204	825,043,653	811,762,295	13,281,358
Development	-	206,447,383.00	102,421,313	131,288,864	120,901,863	10,387,001
<b>Agriculture, Livestock and Fisheries</b>	<b>691,859,497</b>	<b>544,765,569</b>	<b>993,897,350</b>	<b>952,224,593</b>	<b>672,017,573</b>	<b>280,207,020</b>
Recurrent	307,519,158	231,056,802.00	349,348,598	309,552,041	297,042,614	12,509,427
Development	384,340,339	313,708,767.00	644,548,752	642,672,552	374,974,959	267,697,593
<b>Education and Human Capital Development</b>	<b>903,517,245</b>	<b>1,251,280,287</b>	<b>1,403,611,692</b>	<b>1,350,708,219</b>	<b>1,326,292,097</b>	<b>24,416,122</b>
Recurrent	787,099,360	1,072,585,264.00	1,132,276,588	1,084,270,715	1,059,854,593	24,416,122
Development	116,417,885	178,695,023.00	271,335,104	266,437,504	266,437,504	-
<b>Social Development</b>	<b>635,129,716</b>	<b>617,536,298</b>	<b>680,492,651</b>	<b>669,173,967</b>	<b>600,773,967</b>	<b>68,400,000</b>
Recurrent	596,385,016	89,536,298.00	113,804,960	207,984,776	206,484,776	1,500,000
Development	38,744,700	528,000,000.00	566,687,691	461,189,191	394,289,191	66,900,000
<b>Finance and Economic Planning</b>	<b>431,333,725</b>	<b>406,896,480</b>	<b>486,808,006</b>	<b>463,145,500</b>	<b>457,909,301</b>	<b>5,236,199</b>
Recurrent	376,233,725	376,896,480.00	469,808,598	446,146,092	445,909,893	236,199
Development	55,100,000	30,000,000.00	16,999,408	16,999,408	11,999,408	5,000,000
<b>Health Services</b>	<b>2,639,053,214</b>	<b>2,499,181,121</b>	<b>2,657,530,035</b>	<b>2,648,252,262</b>	<b>2,575,744,815</b>	<b>72,507,447</b>
Recurrent	2,284,980,998	2,206,108,772.00	2,165,448,332	2,196,170,559	2,133,663,112	62,507,447
Development	354,072,216	293,072,349.00	492,081,703	452,081,703	442,081,703	10,000,000
<b>Trade and Cooperative Development</b>	<b>61,527,979</b>	<b>116,110,989</b>	<b>472,999,537</b>	<b>368,436,100</b>	<b>118,436,100</b>	<b>250,000,000</b>
Recurrent	53,935,312	62,661,577.00	60,549,748	59,834,137	59,834,137	-
Development	7,592,667	53,449,412.00	412,449,789	308,601,963	58,601,963	250,000,000

<b>Lands and Urban Development</b>	<b>604,899,213</b>	<b>629,224,077</b>	<b>820,722,859</b>	<b>837,405,227</b>	<b>667,737,735</b>	<b>169,667,492</b>
Recurrent	82,622,523	195,335,090.00	243,588,219	235,270,587	234,470,590	799,997
Development	522,276,690	433,888,987.00	577,134,640	602,134,640	433,267,145	168,867,495
<b>County Executive services</b>	<b>452,928,615</b>	<b>469,100,561</b>	<b>501,872,333</b>	<b>480,376,341</b>	<b>471,877,526</b>	<b>8,498,815</b>
Recurrent	452,928,615	469,100,561.00	501,872,333	480,376,341	471,877,526	8,498,815
Development	-	-	-	-	-	-
<b>Office of the County Secretary &amp; Head of Public Service</b>	<b>-</b>	<b>64,500,000.00</b>	<b>246,286,068</b>	<b>220,136,068</b>	<b>149,436,028</b>	<b>70,700,040</b>
Recurrent	-	64,500,000.00	196,286,068	193,436,068	142,236,028	51,200,040
Development	-	-	50,000,000	26,700,000	7,200,000	19,500,000
<b>Office of the County Attorney</b>	<b>-</b>	<b>79,970,000.00</b>	<b>84,957,458</b>	<b>81,907,458</b>	<b>81,907,458</b>	<b>-</b>
Recurrent	-	79,970,000.00	84,957,458	81,907,458	81,907,458	-
Development	-	-	-	-	-	-
<b>County Public Service Board</b>	<b>87,322,112</b>	<b>73,218,148</b>	<b>90,182,541</b>	<b>87,214,515</b>	<b>87,214,515</b>	<b>-</b>
Recurrent	69,522,112	73,218,148.00	77,217,041	74,249,015	74,249,015	-
Development	17,800,000	-	12,965,500	12,965,500	12,965,500	-
<b>Public Service Management, Devolved Units and Community Cohesion</b>	<b>1,802,676,483</b>	<b>1,654,034,379</b>	<b>2,007,405,734</b>	<b>2,010,593,238</b>	<b>1,940,615,179</b>	<b>69,978,059</b>
Recurrent	1,770,682,948	1,617,434,379.00	2,007,405,734	2,010,593,238	1,940,615,179	69,978,059
Development	31,993,535	36,600,000.00	-	-	-	-
<b>Roads, Transport and Public Works</b>	<b>821,567,891</b>	<b>453,216,861</b>	<b>1,209,944,848</b>	<b>1,276,545,395</b>	<b>1,075,364,344</b>	<b>201,181,051</b>
Recurrent	181,643,409	181,210,886.00	294,617,033	361,217,580	354,955,737	6,261,843
Development	639,924,482	272,005,975.00	915,327,815	915,327,815	720,408,607	194,919,208
<b>Water, Energy, Environment, and Climate Change</b>	<b>1,865,096,554</b>	<b>1,890,879,995</b>	<b>2,247,920,614</b>	<b>2,165,096,551</b>	<b>1,556,178,855</b>	<b>608,917,696</b>
Recurrent	379,018,594	342,636,869.00	367,708,370	346,219,811	332,165,957	14,053,854
Development	1,486,077,960	1,548,243,126.00	1,880,212,244	1,818,876,740	1,224,012,898	594,863,842

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. 8,912,272,071. Five Departments recorded an absorption rate of 100% in their expenditure. These included the Department of Finance and economic planning, Trade and Cooperative development, Lands and urban development, office of the County attorney and the County Public Service Board. These were followed by the department of social development which recorded an absorption rate of 99%. The Office of the County Secretary recorded the lowest absorption rate at 74% of their recurrent budget.

The table that follows shows a tabulated analysis of County's recurrent expenditure for FY 2024/2025.

#### Table 5: Recurrent Expenditure by Departments

The table below represents total recurrent expenditure for the FY 2024/2025 per department and their absorption as at 30th June, 2025.

**Table 9: Recurrent Expenditure Analysis**

Vote Title	Recurrent Allocations (Kshs)	Actual Recurrent Expenditure (Kshs)	Variance on Total Allocations (Kshs)	Percentage (%)
County Assembly	825,043,653	811,762,295	13,281,358	98%
Agriculture, Livestock and Fisheries	309,552,041	297,042,614	12,509,427	96%
Education and Human Capital Development	1,084,270,715	1,059,854,593	24,416,122	98%
Social Development	207,984,776	206,484,776	1,500,000	99%
Finance and Economic Planning	446,146,092	445,909,893	236,199	100%
Health Services	2,196,170,559	2,133,663,112	62,507,447	97%
Trade and Cooperative Development	59,834,137	59,834,137	0	100%
Lands and Urban Development	235,270,587	234,470,590	799,997	100%
County Executive Services	480376341	471,877,526	8,498,815	98%

Office of the County Secretary	193,436,068	142,236,028	51,200,040	74%
Office of the County Attorney	81907458	81,907,458	0	100%
County Public Service Board	74,249,015	74,249,015	0	100%
Public Service Management, Conflict Management and Community Cohesion	2010593238	1,940,615,179	69,978,059	97%
Roads, Transport and Public Works	361,217,580	354,955,737	6,261,843	98%
Water, Energy, Environment and Climate Change	346,219,811	332,165,957	14,053,854	96%
<b>TOTAL</b>	<b>8,912,272,071</b>	<b>8,647,028,910</b>	<b>265,243,161</b>	<b>97%</b>

*Source: County Treasury, Mandera County Government*

## Analysis of Operations and Maintenance

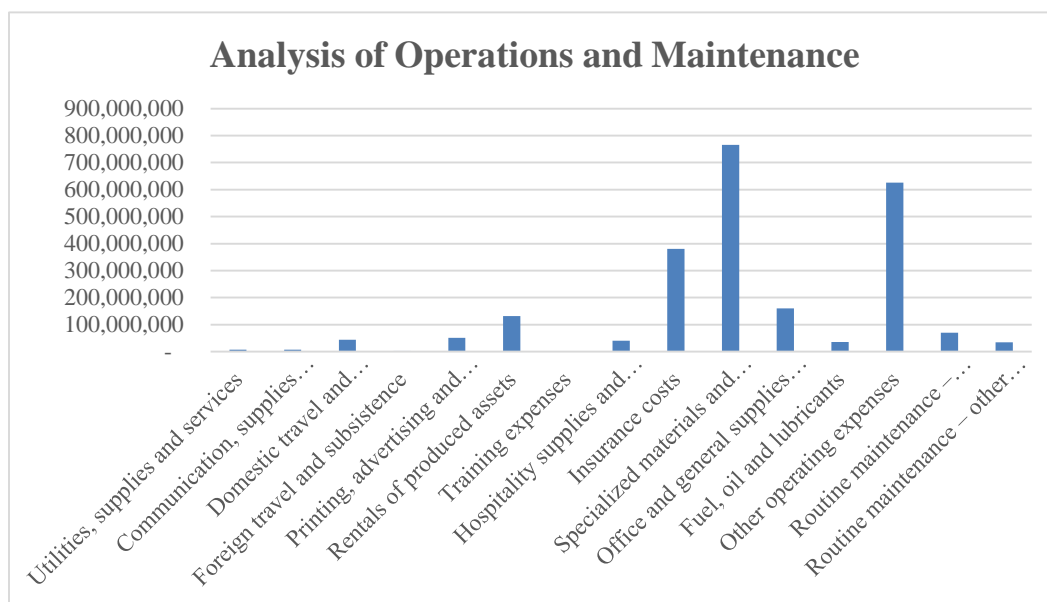


Figure 5: Analysis of Operations and Maintenance

### 2.2.2 Development Expenditure

In the FY 2024/2025, the County's gross development budget was Kshs. 5,655,275,880. An expenditure of Kshs. 4,067,140,741 representing 72% of the development vote was utilized during the financial year. Only two Departments were able to incur expenditure of 100%. These were the Department of Education and Human Capital Development and County Public Service Board. The rest of the Departments recorded less than 98% expenditure. The second highest performers after the departments Education and Human Capital Development and County Public Service Board were the Departments of Health Services and county Assembly which recorded 98% and 92% respectively. These were followed by the Department of Social Development at 85%, the Department of Roads, Transport and Public Works at 79%, Department of Lands and Urban Development at 72%, Department of Finance and Economic Planning at 71%, and the Department of Water, Energy, Environment and Climate Change at 67%. The rest of the Departments recorded below 58% with the Office of the County Secretary being the worst performer at 27%.

The table below represents total development expenditure for the FY 2023/2024 per department and their absorption rate as at 30th June, 2025.

### Departmental Development Expenditure

*Table 10: Departmental Development Expenditure Analysis*

Vote Title	Development Allocations (Kshs)	Actual Development Expenditure (Kshs)	Variance on Total Allocations (Kshs)	Percentage (%)
County Assembly	131,288,864	120,901,863	10,387,001	92%
Agriculture, Livestock and Fisheries	642,672,552	374,974,959	267,697,593	58%
Education and Human Capital Development	266,437,504	266,437,504	-	100%
Social Development	461,189,191	394,289,191	66,900,000	85%
Finance and Economic Planning	16,999,408	11,999,408	5,000,000	71%
Health Services	452,081,703	442,081,703	10,000,000	98%
Trade and Cooperative Development	308,601,963	58,601,963	250,000,000	19%
Lands and Urban Development	602,134,640	433,267,145	168,867,495	72%
County Executive Services	-	-	-	-
Office of the County Secretary	26,700,000	7,200,000	19,500,000	27%
Office of the County Attorney	-	-	-	-
County Public Service Board	12,965,500	12,965,500	-	100%
Public Service Management, Conflict Management and Community Cohesion	-	-	-	-
Roads, Transport and Public Works	915,327,815	720,408,607	194,919,208	79%
Water, Energy, Environment and Climate Change	1,818,876,740	1,224,012,898	594,863,842	67%
<b>TOTAL</b>	<b>5,655,275,880</b>	<b>4,067,140,741</b>	<b>1,588,135,139</b>	<b>72%</b>

Source: County Treasury, Mandera County Government

### Analysis of Development Expenditure

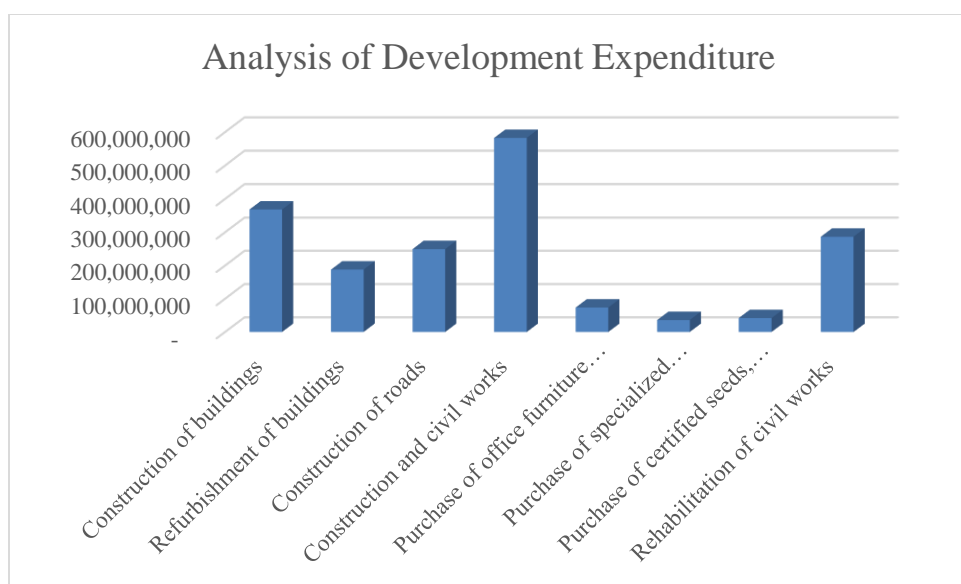


Figure 6: Analysis of Development Expenditure

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 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 2024/2025 include the construction of water supply systems, medium-sized earth pans (60,000–200,000m<sup>3</sup>), 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. 915,327,815, 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. 612,619,537 of which Kshs. 315,576,923 were conditional grants from the World Bank Emergency Locust Response Project (ELRP) and the Conditional Grant for the Food Systems Resilience Project -(FSRP). Key projects planned for implementation during the financial year included: the proposed 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 CCP, 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. 461,189,191. 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. 308,601,963 development budget, Key projects implemented in FY 2024/2025 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. 266,437,504. Major projects undertaken included 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 Lands and Urban Development**

The department was allocated a budget of Kshs. 602,134,640 earmarked for development. The key projects implemented in the FY 2024/2025, included Establishment of valuation rolls for Mandera and Elwak and infrastructural 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.

#### **2.2.2.9 Finance and Economic Planning**

The department was allocated a budget of Kshs. 16,999,408 for development. The development allocation was planned for both ongoing and new projects. The development initiatives implemented in the FY 2024/2025, included development and maintenance of registry and Installation of Fibre Optic at MTTC/KMTC.

#### **2.2.2.10 County Public Service Board**

The department had a development budget of Kshs. 12,965,500, 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	2022/2023	2023/2024	2024/2025		
	Actual (Kshs)	Actual (Kshs)	Revised Budget(Kshs)	Actual (Kshs)	Deviation (Kshs)
<b>RECURRENT</b>	<b>8,198,470,430</b>	<b>7,810,596,825</b>	<b>8,912,272,071</b>	<b>8,647,028,909</b>	<b>265,243,162</b>
Personnel Emoluments	3,630,832,497	4,111,115,606	4,800,064,178	4,656,444,331	143,619,847
Operations and Maintenance - Executive	3,682,480,770	2,951,135,520	3,287,164,241	3,178,822,283	108,341,958
County Assembly - Operations and Maintenance	885,157,163	748,345,699	825,043,652	811,762,295	13,281,357
<b>DEVELOPMENT</b>	<b>3,656,648,676</b>	<b>3,894,111,022</b>	<b>5,655,275,880</b>	<b>4,067,140,741</b>	<b>1,588,135,139</b>
Development	3,656,648,676	3,894,111,022	5,655,275,880	4,067,140,741	1,588,135,139
<b>TOTAL EXPENDITURE</b>	<b>11,855,119,106</b>	<b>11,704,707,847</b>	<b>14,567,547,951</b>	<b>12,714,169,650</b>	<b>1,853,378,301</b>

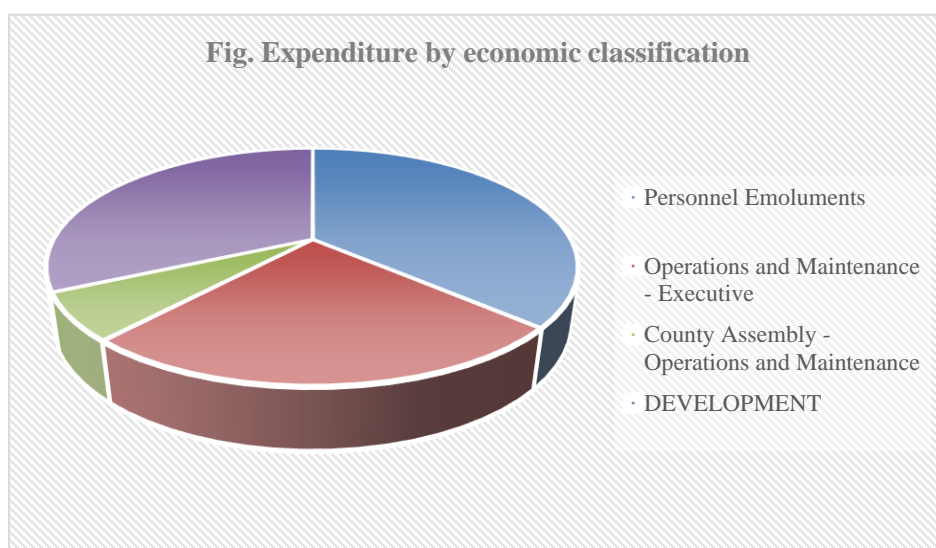


Figure 7: Expenditure by economic classification

Source: Mandera County Treasury

### List of Development Projects with the Highest Expenditure in FY 2024/2025

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 in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
1	Water	Proposed Augmentation And Upgrading Of Banisa Water Supply At Banisa Town In Banisa Sub County	Banisa	220,434,636	60,000,000	60,000,000	27%
2	Social Development	Proposed Construction Of Housing Units And Twin Toilets For The Vulnerable In The Society	Countywide	199,999,879	105,000,000	105,000,000	53%

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid in FY 2024/25 (Kshs.)	Cumulative Expenditure as of 30 June 2025	Implementation status (%)
3	Water	Proposed Construction Of Didkuro Water Supply In Mandera West Sub-County	Mandera West	184,682,867	60,000,000	60,000,000	32%
4	Water	Proposed Augmentation And Upgrading Of Lafey Water Supply Project At Lafey Town In Lafey Sub County.	Lafey	128,388,015	35,000,000	35,000,000	27%
5	Water	Proposed Construction Of 100,000M3 Dadach Gabab Earth Pan In Banisa Sub-County, Mandera County	Banisa	74,946,231	74,946,231	74,946,231	100%
6	Lands	Consultancy Services For Preparation Of Valuation Rolls For Mandera And Elwak Municipalities	Mandera South/East	54,184,800	15,200,000	15,200,000	28%
7	Lands	Consultancy Services For Provision Of Geodatic Controls In 60 Market Centres In Mandera County	Countywide	49,550,560	40,000,000	40,000,000	81%
8	Water	Proposed Construction Of 60,000M3 Burduras Gobogala Earth Pan In Mandera West Sub- County At Burduras Center	Mandera West	38,382,120	38,382,120	38,382,120	100%
9	Roads	Proposed Maintenance Of Shimpir Fatuma- Takaba Road In Mandera West Sub County	Mandera West	35,475,959	24,475,959	24,475,959	69%
10	Roads	Proposed Construction Of Libehiya-Odha Road In Mandera East Sub County	Mandera East	28,629,160	20,000,000	20,000,000	70%

Source: County Treasury, Mandera County Government

## Budget Execution by Programme and Sub Programme

The table below shows a summary of the budget execution by programmes and sub-programmes between July 2024 to June 2025 of the FY 2024/2025.

**Table 13: Budget Execution**

Programme	Sub-Programme	Gross Approved Estimates FY 2024/25		Actual Expenditure as of 30th June 2025		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Agriculture, Livestock and Fisheries							
General Administration & Support Services	General Administration & Support Services	171,699,261	-	171,191,354	-	100%	0%
Livestock Resources Management and Development	Livestock Resources Management and Development	57,450,000	97,823,301	57,449,800	96,896,417	100%	99%
Food Security and Sustainable Agriculture	Crop Management and Development	58,202,780	438,523,767	58,201,460	171,753,157	100%	39%
Irrigation Development and Management	Irrigation Development and Management	22,200,000	106,325,484	10,200,000	106,325,385	46%	100%
	Sub Total	309,552,041	642,672,552	297,042,614	374,974,959	96%	58%
Land and Urban Development							
General Administration & Support Services	General Administration & Support Services	64,335,708	-	64,335,708	-	100%	0%
Land Use Planning and Survey	Land Use Planning and Survey	41,550,000	43,926,640	41,550,000	21,126,640	100%	48%
Physical Planning housing and urban development	Physical Planning housing and urban development	4,200,000	558,208,000	4,200,000	412,140,505	100%	74%
Solid Waste Management	Solid Waste Management	125,184,879	-	124,384,882	-	99%	0%
	Sub-Total	235,270,587	602,134,640	234,470,590	433,267,145	100%	72%
Roads, Public Works and Transport							
General Administration & Support Services	General Administration & Support Services	149,783,484	-	143,651,060	-	96%	0%

Road And Air Transport Infrastructure Development	Road And Air Transport Infrastructure Development	200,290,096	876,327,815	200,165,677	681,408,607	100%	78%
Public Works Management	Public Works Management	11,144,000	39,000,000	11,139,000	39,000,000	100%	100%
	<b>Sub-Total</b>	<b>361,217,580</b>	<b>915,327,815</b>	<b>354,955,737</b>	<b>720,408,607</b>	<b>98%</b>	<b>79%</b>
<b>Trade and Cooperative Development</b>							
General Administration and Planning	General Administration and Planning	41,034,137	-	41,034,137	-	100%	0%
Cooperative Development and Promotion	Cooperative Development and Promotion	8,900,000	15,449,789	8,900,000	15,449,789	100%	100%
Trade Development and Promotion	Trade Development and Promotion	9,900,000	293,152,174	9,900,000	43,152,174	100%	15%
	<b>Sub-Total</b>	<b>59,834,137</b>	<b>308,601,963</b>	<b>59,834,137</b>	<b>58,601,963</b>	<b>100%</b>	<b>19%</b>
<b>Health Services</b>							
General Administration and Planning	General Administration and Planning	1,482,031,511	-	1,475,719,896	-	100%	0%
Preventive, Promotive and Reproductive Health Services	Preventive, Promotive and Reproductive Health Services	124,883,501	183,373,070	69,058,250	183,373,070	55%	100%
Curative Rehabilitative and Referral Services	Curative Rehabilitative and Referral Services	589,255,547	268,708,633	588,884,966	258,708,633	100%	96%
	<b>Sub-Total</b>	<b>2,196,170,559</b>	<b>452,081,703</b>	<b>2,133,663,112</b>	<b>442,081,703</b>	<b>97%</b>	<b>98%</b>
<b>Education and Human Capital Development</b>							
General Administration and Planning	General Administration and Planning	984,120,715	-	982,139,743	-	100%	0%
Early Childhood Education	Early Childhood Education	90,650,000	246,387,610	68,214,850	246,387,610	75%	100%
Vocational and Technical Training Services	Vocational and Technical Training Services	5,000,000	20,049,894	5,000,000	20,049,894	100%	100%
Education Support Services	Education Support Services	4,500,000	-	4,500,000	-	100%	0%
	<b>Sub-Total</b>	<b>1,084,270,715</b>	<b>266,437,504</b>	<b>1,059,854,593</b>	<b>266,437,504</b>	<b>98%</b>	<b>100%</b>
<b>County Executive Services</b>							
Management of County Affairs	General Administration and Planning	480,376,342	-	471,877,526	-	98%	0%

	<b>Sub-Total</b>	<b>480,376,342</b>	<b>-</b>	<b>471,877,526</b>	<b>-</b>	<b>98%</b>	<b>0%</b>
<b>Office of the County Secretary</b>							
Policy, Leadership and Executive Coordination	Leadership and executive coordination	193,436,068	26,700,000	142,236,028	7,200,000	<b>74%</b>	<b>27%</b>
	<b>Sub-Total</b>	<b>193,436,068</b>	<b>26,700,000</b>	<b>142,236,028</b>	<b>7,200,000</b>	<b>74%</b>	<b>27%</b>
<b>Office of the County Attorney</b>							
Legal and Public Sector Advisory Services	Legal and advisory services	81,907,458	-	81,907,458	-	<b>100%</b>	<b>0%</b>
	<b>Sub-Total</b>	<b>81,907,458</b>	<b>-</b>	<b>81,907,458</b>	<b>-</b>	<b>100%</b>	<b>0%</b>
<b>County Public Service Board</b>							
Ethics, Governance and Public Service Values	Ethics, Governance and Public Service Values	74,249,015	12,965,500	74,249,015	12,965,500	<b>100%</b>	<b>100%</b>
	<b>Sub-Total</b>	<b>74,249,015</b>	<b>12,965,500</b>	<b>74,249,015</b>	<b>12,965,500</b>	<b>100%</b>	<b>100%</b>
<b>County Assembly</b>							
Legislation and Representation	Legislation and Representation	825,043,653	131,288,864	811,762,295	120,901,863	<b>98%</b>	<b>92%</b>
	<b>Sub-Total</b>	<b>825,043,653</b>	<b>131,288,864</b>	<b>811,762,295</b>	<b>120,901,863</b>	<b>98%</b>	<b>92%</b>
<b>Finance and Economic Planning</b>							
General Administration and Planning	Administration Planning	324,791,290	-	324,555,091	-	<b>100%</b>	<b>0%</b>
Public Finance Management	Accounting Services	4,300,000	-	4,300,000	-	<b>100%</b>	<b>0%</b>
	Financial Services and Report	8,500,000	-	8,500,000	-	<b>100%</b>	<b>0%</b>
	Internal Audit Services	2,800,000	-	2,800,000	-	<b>100%</b>	<b>0%</b>
	Supply Chain Management Affairs	8,500,000	-	8,500,000	-	<b>100%</b>	<b>0%</b>
	County Asset Management system	6,700,000	-	6,700,000	-	<b>100%</b>	<b>0%</b>
Economic Planning and Statistics	County Economic Planning and Statistics	33,659,802	-	33,659,802	-	<b>100%</b>	<b>0%</b>
Revenue Collection and Enhancement	Revenue Collection and Enhancement	42,415,000	10,000,000	42,415,000	5,000,000	<b>100%</b>	<b>50%</b>
ICT and E-Government Services	ICT and E-Government Services	14,480,000	6,999,408	14,480,000	6,999,408	<b>100%</b>	<b>100%</b>

	<b>Sub-Total</b>	<b>446,146,092</b>	<b>16,999,408</b>	<b>445,909,893</b>	<b>11,999,408</b>	<b>100%</b>	<b>71%</b>
<b>County Public Service Management</b>							
General Administration and Planning	Administration Planning	1,971,443,238	-	1,901,545,179	-	<b>96%</b>	<b>0%</b>
Devolved Governance and Enforcement Services	Devolved Governance and Enforcement Services	-	-	-	-	<b>0%</b>	<b>0%</b>
Civic Education and Public Participation	Civic Education and Public Participation	2,300,000	-	2,300,000	-	<b>100%</b>	<b>0%</b>
De-Radicalization and Countering Violence	De-Radicalization and Countering Violence	-	-	-	-	<b>0%</b>	<b>0%</b>
Community Cohesion and Conflict Management	Community Cohesion and Conflict Management	36,850,000	-	36,770,000	-	<b>100%</b>	<b>0%</b>
	<b>Sub-Total</b>	<b>2,010,593,238</b>	<b>-</b>	<b>1,940,615,179</b>	<b>-</b>	<b>97%</b>	<b>0%</b>
<b>Social Development</b>							
General Administration and Planning	Administration Planning	45,636,276	-	45,636,276	-	<b>100%</b>	<b>0%</b>
Women Empowerment and Affirmative Action	Women Empowerment and Affirmative Action	5,200,000	1,000,000	5,200,000	1,000,000	<b>100%</b>	<b>100%</b>
Youth Empowerment and Sports	Youth Empowerment and Sports	23,000,000	39,199,813	23,000,000	10,299,813	<b>100%</b>	<b>26%</b>
Culture and Gender Development promotion	Culture and Gender Development promotion	6,950,000	10,000,000	5,450,000	10,000,000	<b>78%</b>	<b>100%</b>
Disaster Preparedness and Management	Disaster Preparedness and Management	127,198,500	410,989,378	127,198,500	372,989,378	<b>100%</b>	<b>91%</b>
	<b>Sub-Total</b>	<b>207,984,776</b>	<b>461,189,191</b>	<b>206,484,776</b>	<b>394,289,191</b>	<b>99%</b>	<b>85%</b>
<b>Water , Energy, Environment and Climate Change</b>							
General Administration and Planning	Administration Planning	165,499,811	-	162,445,957	-	<b>98%</b>	<b>0%</b>

Water and Sewerage Management	Water and Sewerage Management	150,220,000	1,175,182,562	150,220,000	1,174,012,898	100%	100%
Energy and Natural Resources	Energy and Natural Resources	4,700,000	50,000,000	4,700,000	50,000,000	100%	100%
Environment and Climate Change	Environment and Climate Change	25,800,000	593,694,178	14,800,000	-	57%	0%
	<b>Sub-Total</b>	<b>346,219,811</b>	<b>1,818,876,740</b>	<b>332,165,957</b>	<b>1,224,012,898</b>	<b>96%</b>	<b>67%</b>
<b>Grand Total</b>		<b>8,912,272,072</b>	<b>5,655,275,880</b>	<b>8,647,028,909</b>	<b>4,067,140,741</b>	<b>97%</b>	<b>72%</b>

Source: *Mandera County Treasury*

## Pending Bills Analysis

The county had a pending bills totalling Kshs. 2,226,355,163 as of 30 June 2024. This consisted of Kshs. 753,250,809 for recurrent expenditures and Kshs. 1,473,104,355 for development expenditures.

During the year, the County settled pending bills amounting to Kshs. 965,320,054, comprising Kshs. 454,526,425 (47 per cent) for recurrent programmes and Kshs. 510,793,630 (53 per cent) for development programmes. By close of the FY 2024/2025, the county's outstanding pending bills amounted to Kshs. 1,627,377,535 as shown in the table that follows.

**Table 14: Pending Bills Analysis**

	Pending Bills as of 1 July 2024 (Kshs.)	Settled Pending Bills in FY 2024/25 (Kshs.)	Pending bills incurred in FY 2024/25 (Kshs.)	Outstanding pending bills as of 30 June 2025 (Kshs. Mn)
<b>County Executive</b>				
Recurrent	753,250,809	454,526,425		298,724,384
Development	1,473,104,355	510,793,630	366,342,426	1,328,653,151
<b>Total</b>	<b>2,226,355,163</b>	<b>965,320,054</b>	<b>366,342,426</b>	<b>1,627,377,535</b>

Source; *Mandera County Treasury*

## 2.3 Implication of FY 2024/2025 fiscal performance on fiscal responsibility principles and financial objectives contained in the 2025 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 anticipated to receive revenues amounting to Kshs. 14,567,547,952. At the close of the financial year, the County had received revenues amounting to Kshs. 13,242,550,530. This represented a revenue deficit of 9% (Kshs. 1,324,997,422) from the FY 2024/2025 approved supplementary target. This implies that the baseline ceilings for subsequent budgets ought to be adjusted considering the under-performance in some revenue streams in the FY 2024/2025. Consequently, this may affect the financial performance objectives stipulated in CFSP 2025.

The review of the fiscal performance for FY 2024/2025 reveals that revenue underperformance was in the external revenue sources. Therefore, the overall revenue performance in FY 2024/2025 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.

In view of the foregoing, appropriate measures have been applied in the context of this CBROP, taking into account the budget outturn for FY 2024/2025. 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. 5,655,275,880 which was 39% the County total approved supplementary budget for the FY 2024/2025.
- 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 35% which is within 35% set in the 2015 County Government regulations.

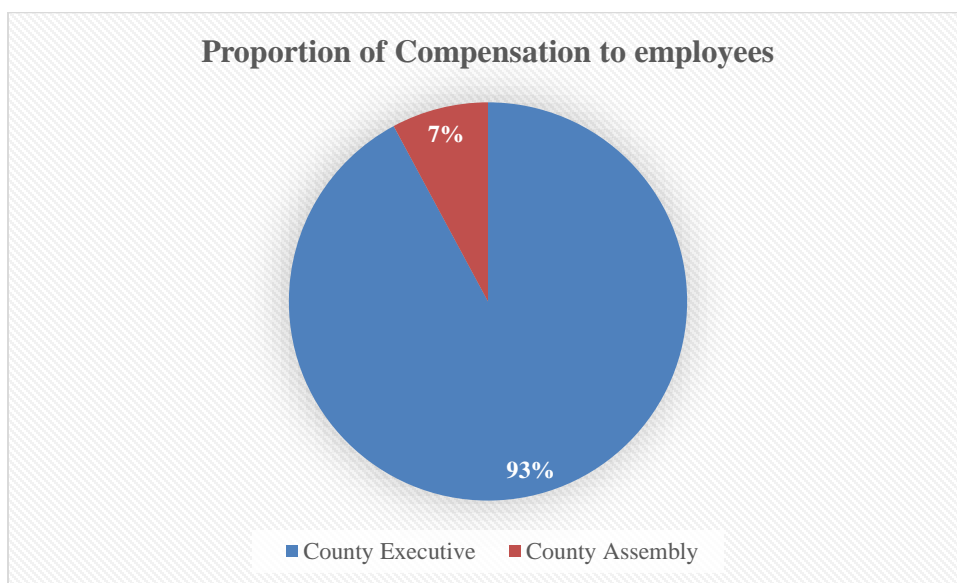


Figure 8: Analysis of Personnel Emoluments

It is imperative to note that over the medium-term, the expenditure on compensation of employees is anticipated to escalate on account of staff promotions, 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 2025.

- 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 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 understand 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 water companies 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
- 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 economic growth is projected at 3.0 percent in 2025 and 3.1 percent in 2026, up from 3.0 percent in 2024. The outlook reflects the impact of easing inflationary pressures, accommodative monetary policy, stronger domestic demand in emerging markets and developing economies, and a gradual recovery in global trade, offsetting slower momentum in advanced economies. The main risks to the global outlook include geopolitical tensions, elevated debt vulnerabilities, and climate-related shocks.

Growth in advanced economies will remain modest at 1.5 percent in 2025 and 1.6 percent in 2026. In the United States, growth is projected at 1.9 percent in 2025 and 2.0 percent in 2026, supported by resilient private consumption and an expected easing of financial conditions. In the Euro Area, growth is forecast at 1.0 percent in 2025 and 1.2 percent in 2026, driven by lower inflation and improving real incomes, though structural challenges and geopolitical risks remain.

In emerging markets and developing economies, growth is projected at 4.1 percent in 2025 and 4.0

percent in 2026, reflecting steady performance in South Asia and Sub-Saharan Africa, moderate growth in the Middle East and Central Asia, but weaker momentum in China and Latin America. In Sub-Saharan Africa, growth is expected at 4.0 percent in 2025 and to strengthen to 4.3 percent in 2026, supported by robust growth in non-resource-rich economies, stronger domestic demand, improving investments, and easing inflation. However, high debt levels, external shocks, and climate vulnerabilities remain key downside risks to the regional outlook.

### **3.2.1 Domestic Economic Development**

Kenya's economy has demonstrated remarkable resilience over the past three years, consistently growing at a pace that outperforms both the global and regional averages. This strength is rooted in deliberate policies and the benefits of a diversified economy. The economy has thus been able to withstand adverse impacts of domestic and external shocks. In 2024, the economy grew by 4.7 percent supported by positive growths in all sub-sectors except construction, and mining and quarrying. Further, in the first quarter of 2025, the economy remained strong with a growth of 4.9 percent. This growth was primarily underpinned by strong performance in the agriculture sector, a recovery of the industry sector, and the resilience of services sector. All economic sectors recorded positive growth rates in the first quarter of 2025, with varied magnitudes across activities.

The primary sector grew by 6.2 percent in the first quarter of 2025 compared to a growth of 4.5 percent in the first quarter of 2024. This was as a result of the robust growth in the agriculture, forestry and fishing sub-sector and a recovery in the mining and quarrying sub-sector.

Activities in the agriculture, forestry and fishing sub-sector expanded by 6.0 percent in the first quarter of 2025 compared to a growth of 5.6 percent in a similar quarter in 2024. This performance was driven by favorable weather conditions experienced in most parts of the country involved in crop and animal production. This was evident in the significant increase in production of sugarcane, milk deliveries and increased coffee exports. The sub-sector's performance was further supported by improved external demand of cut flowers and vegetables. However, the sub-sector's performance was somewhat curtailed by a decline in tea production.

The mining and quarrying sub-sector grew by 10.0 percent in the first quarter of 2025, which was an improvement from the contraction of 16.1 percent in the similar quarter in 2024. This reflected increased activity and renewed investment following a period of subdued performance in the previous year.

In the first quarter of 2025, the industry sector recorded a growth of 2.6 percent, improving from 1.5

percent in the same quarter of 2024. This growth was driven by improved performance across manufacturing, electricity and water supply, and construction.

The manufacturing sub-sector grew by 2.1 percent in the first quarter of 2025 compared to a growth of 1.9 percent in the first quarter of 2024. This growth was supported by both food and non-food manufacturing activities. In food manufacturing, the sub-sector benefitted from strong increases in coffee auctions, milk deliveries, sugar production, and soft drinks output. Non-food manufacturing also performed well, with increased production in cement and galvanized sheets.

The electricity and water supply sub-sector grew by 3.6 percent, compared to 2.8 percent in the first quarter of 2024, largely due to a rise in total electricity generation. Renewable energy sources contributed significantly, with solar and wind generation increasing. Growth in the subsector was curtailed by an increase in thermal power generation while hydro and geothermal generation declined. Construction sub-sector grew by 3.0 percent in the first quarter of 2025, up from 0.4 percent in the first quarter of 2024, driven by increased consumption of key inputs such as cement, iron and steel. However, imported bitumen volumes declined, suggesting a potential slowdown in road construction activities. The services sector recorded a growth of 4.8 percent in the first quarter of 2025, a slowdown from the 6.8 percent growth posted in the corresponding quarter of 2024. The transportation and storage sub-sector expanded by 3.8 percent, slightly lower than the 4.1 percent growth in the first quarter of 2024, supported by increased land transport and port activities. Accommodation and food service sub-sectors grew by 4.1 percent in the first quarter of 2025, a slowdown, compared to a growth of 38.1 percent in the first quarter of 2024. The number of visitor arrivals via the two major airports, the Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) increased by 0.5 percent in the first quarter of 2025 compared to a 10.4 percent growth in the first quarter of 2024.

The information and communication sub-sector grew by 5.8 percent in the first quarter of 2025, compared to 9.2 percent growth in the corresponding quarter of 2024. This performance was supported by an increase in the volume of outgoing domestic voice traffic, use of domestic short messaging services and mobile money transactions. Similarly, the total utilized international bandwidth increased in the first quarter of 2025, mainly attributed to the launch of an additional internet service provider in the country. The financial and insurance sub-sector recorded a slower growth of 5.1 percent in the first quarter of 2025 compared to 9.6 percent growth in the corresponding quarter of 2024. Despite the overall slowdown, the sub-sector remained buoyed by increased activity in financial transactions and improved credit conditions.

Leading indicators of economic activity in the second and third quarters of 2025 point to improved

performance. This performance will be driven by strong performance in agriculture, supported by favourable weather and increased access to subsidized inputs, alongside easing monetary policy aimed at boosting private sector credit. Key service sub-sectors such as tourism, Information Communication and Technology (ICT), and finance are anticipated to contribute significantly, with tourism rebounding and digital economy initiatives gaining momentum. Construction is expected to have a strong growth boosted by increased activities in major public works due to repayments of pending bills. This is evident by the increase in consumption of cement, ballast and sand in the second quarter of 2025. Additionally, the ongoing works in affordable housing continue to attract investment and create jobs.

***Inflation Developments***

Overall year-on-year inflation declined and has remained below the mid-point of the policy target range of  $5.0 \pm 2.5$  percent since June 2024. The year-on-year inflation was stable at 4.5 percent in August 2025 compared to 4.4 percent in August 2024. The stable inflation has been supported by: abundant supply of food attributed to favorable weather conditions coupled with government interventions; lower fuel inflation attributed to the stability of the exchange rate; lower international oil prices; and the decline in non-core inflation reflecting impact of previous monetary policy tightening.

Core inflation increased to 3.0 percent in August 2025 from 2.2 percent in August 2024, largely driven by higher prices of processed food items. Core inflation is compiled from nonvolatile commodities such as manufactured food items, health services, education services and ICT. Non-core inflation decreased to 9.2 percent in August 2025 from 10.3 percent in August 2024, mainly on account of relatively lower energy prices. Non-core Consumer Price Index (CPI) component is largely comprised of fresh vegetable farm produce, energy items and select transport components, which are predominantly driven by volatility in global energy prices and domestic weather conditions.

***Figure: Inflation Rate, Percent***

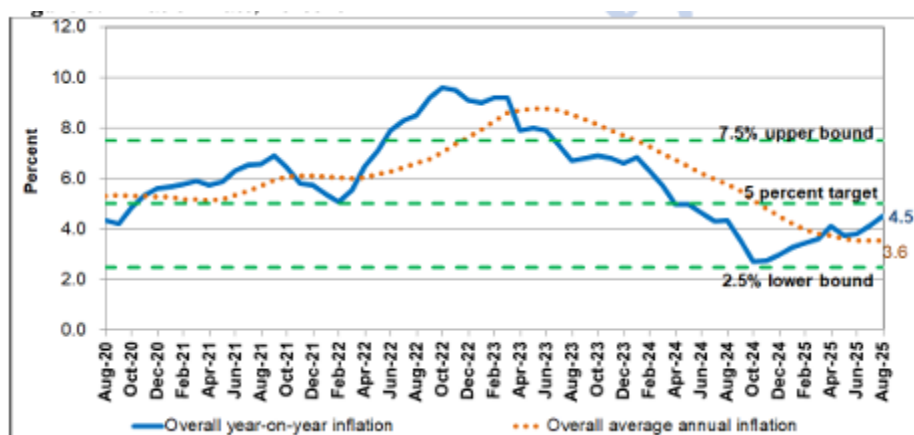


Figure 9 Inflation rate

Source of Data: Kenya National Bureau of Statistics

### Monetary and Credit Developments

Broad money supply, M3, grew by 7.5 percent in the year to June 2025 compared to a growth of 6.8 percent in the year to June 2024. The growth of M3 was due to an improvement in the growth of Net Domestic Assets (NDA) particularly domestic credit. The Net Foreign Assets (NFA) of the banking system slowed down to a growth of 17.7 percent in the year to June 2025 compared to a growth of 53.2 percent in the year to June 2024. Growth in the NFA was mainly due to an increase in Central Bank's foreign assets while commercial banks' foreign assets declined during the period.

NDA grew by 5.5 percent in the year to June 2025, compared to a growth of 0.7 percent over a similar period in 2024. This growth was mainly due to an increase in the growth of the domestic credit to the government. The domestic credit extended by the banking system to the Government grew by 18.6 percent in the year to June 2025 compared to a growth of 9.8 percent in the year to June 2024 while lending to other public sectors contracted by 27.7 percent compared to a growth of 1.5 percent over the same period.

Growth in private sector credit from the banking system recorded a growth of 2.2 percent in the year to June 2025 compared to a growth of 4.0 percent in the year to June 2024. This growth reflects improved demand in line with the declining lending interest rates, and dissipation of exchange rate devaluation effects on foreign currency denominated loans following the appreciation of the Shilling. Reduced credit growth was observed in finance and insurance, trade (imports), mining and quarrying, business services and private households. These are some of the sub-sectors with significant foreign currency denominated loans.

The monthly (month on month) credit flows to the private sector improved to KSh 10.7 billion in June



2025 from KSh 2.5 billion in June 2024. This is due to the easing of the monetary policy rate and the reduction of the CRR to lower the cost of funds for banks. Sustained demand particularly for working capital due to resilient economic activities and the implementation of the Credit Guarantee Scheme for the vulnerable MSMEs will continue to support private sector credit uptake.

### ***Interest Rates Developments***

The Central Bank of Kenya through the Monetary Policy Committee (MPC) has gradually eased monetary policy by lowering the Central Bank Rate (CBR) from 13.0 percent in August 2024 to 9.5 percent in August 2025. This is meant to augment the previous policy actions aimed at stimulating lending by banks to the private sector and supporting economic activities. It also seeks to ensure that inflationary expectations remain firmly anchored and the exchange rate remains stable. In addition, the Cash Reserve Ratio (CRR) was reduced to 3.25 percent in February 2025 from 4.25 percent, to complement the lowering of the CBR and support lending to the private sector.

The short term interest rates have declined in line with the easing of the monetary policy. The interbank rate declined to 9.5 percent in August 2025 compared to 13.0 percent in August 2024 and has remained within the prescribed corridor around the CBR (set at  $CBR \pm 75$  basis points). The 91-day Treasury Bills rate declined to 8.0 percent in August 2025 from 15.9 percent in August 2024. The 182-day Treasury Bills rate declined to 8.1 percent in August 2025 from 16.7 percent in August 2024 while the 364-day Treasury Bills also declined to 9.6 percent from 16.9 percent over the same period. The decrease in government domestic borrowing rates has led to lower debt servicing costs.

Commercial banks average lending and deposit rates decreased in the year to July 2025 in tandem with the easing of the monetary policy. The average lending rate decreased to 15.2 percent in July 2025 from 16.8 percent in July 2024 while the average deposit rate also decreased to 8.1 percent from 11.3 percent over the same period. Consequently, the average interest rate spread increased to 7.2 percent in July 2025 from 5.6 percent in July 2024.

### ***External Sector Developments***

The current account deficit was USD 2,098.2 million (1.5 percent of GDP) in June 2025 compared to USD 1,925.6 million (1.5 percent of GDP) in June 2024. The current account balance was supported by resilient goods exports, an improvement in net receipts on the services account, net primary income and net secondary income balance. The current account deficit in the 12 months to June 2025 was more than fully financed by financial account inflows, resulting in an overall balance of payments surplus of USD 2,832.1 million.

The balance in the merchandise account deteriorated by USD 1,166.9 million to a deficit of USD 10,381.9 million in June 2025 mainly due to an increase in import bill that more than offset the increase in exports. Goods exports increased by 7.7 percent, due to higher domestic exports particularly of horticulture and coffee. Goods imports rose by 9.9 percent, reflecting increases in intermediate and capital goods imports. Services receipts increased by 24.4 percent, mainly, supported by increased receipts from transport and travel services. The deficit on the primary account narrowed by USD 91.3 million to a deficit of USD 1,728.0 million in the year to June 2025, compared to the same period last year.

Net Secondary income remained resilient and increased by USD 431.7 million during the review period owing to an increase in remittances. Diaspora remittances increased by 12.1 percent to USD 5,084.0 million in the 12 months to June 2025 compared to USD 4,536.0 million in a similar period in 2024. The remittances increased foreign exchange inflows, with some going to investment while others supported household consumption.

The capital account balance increased by USD 102.5 million to register a surplus of USD 257.8 million in June 2025 compared to a surplus of USD 155.3 million in the same period in 2024. Net financial inflows improved to USD 4,160.9 million in June 2025 compared to USD 364.2 million in June 2024. The net financial inflows were mainly in the form of direct investments, financial derivatives and other investments. However, portfolio investments registered a net outflow during the period, partly due to global risk aversion.

### ***Foreign Exchange Reserves***

The banking system's foreign exchange holdings remained robust at USD 17,762.1 million in June 2025, an increase from USD 16,438.0 million in June 2024. This improvement was largely driven by the build-up of official foreign exchange reserves held by the Central Bank, which rose significantly to USD 11,876.7 million in June 2025, up from USD 8,462.7 million in June 2024. In contrast, commercial banks' foreign exchange holdings declined to USD 5,885.4 million from USD 7,975.3 million over the same period.

The official foreign exchange reserves remained adequate at the end of June 2025, providing 5.2 months of import cover compared to the 3.8 months of import cover in June 2024. This level of reserves are well above the statutory requirement of 4.0 months of import cover. This continues to offer a strong buffer against short-term external shocks, supports exchange rate stability, and reinforce investor confidence in the economy.

## Exchange Rate Developments

The Kenya Shilling remained relatively stable against major international currencies. It stabilized against the US Dollar in August 2025, exchanging at an average of KSh 129.2 compared to KSh 129.3 in August 2024. However, the Shilling depreciated against the Sterling Pound and the Euro by 3.8 percent and 5.6 percent, respectively. The Sterling Pound exchanged at an average of KSh 173.7 in August 2025, up from KSh 167.3 in August 2024, while the Euro averaged KSh 150.4 compared to KSh 142.4 over the same period. Overall, the foreign exchange market remained well-supported by steady inflows from agricultural exports and diaspora remittances, which helped cushion the Shilling against excessive volatility.

**Figure: Kenya Shillings Exchange Rate**

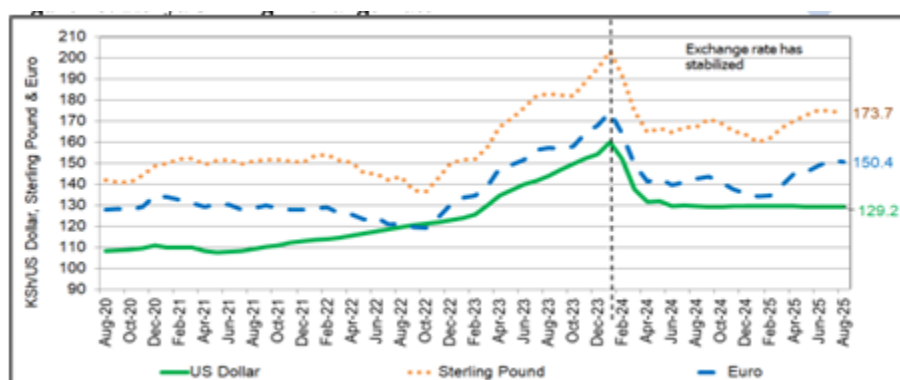


Figure 10 Kenya Shillings Exchange Rate

Source of Data: Central Bank of Kenya

## Capital Markets Developments

The stability of the Kenya Shilling against major international currencies, coupled with improved macroeconomic conditions, has strengthened investor confidence. This has contributed to increased foreign direct investment inflows and attracted investors to the Nairobi Securities Exchange (NSE). The NSE 20 Share Index improved by 69.6 percent to 2,846 points in August 2025, up from 1,678 points in August 2024. Similarly, market capitalization expanded by 67.9 percent to KSh 2,719 billion from KSh 1,620 billion over the same period, underscoring improved market sentiment and stronger equity valuations.

### 3.3 Global and National Macro-Economic Outlook

#### 3.3.1 Global Growth Outlook

Global economic growth is projected to pick up slightly to 3.1 percent in 2026 compared to 3.0 percent

in 2025. This reflects the positive impact of further easing of monetary policy as inflationary pressures subside, stronger domestic demand in emerging markets and developing economies, and a gradual recovery in global trade. This modest improvement is expected to offset the effects of a slowdown in advanced economies, where tighter financial conditions and demographic headwinds continue to weigh on growth. Overall, the outlook suggests a cautiously optimistic rebound, though risks from geopolitical tensions, debt vulnerabilities, and climate-related shocks remain significant.

In advanced economies, growth will remain modest at 1.5 percent in 2025 and 1.6 percent in 2026. Growth in the USA is projected to expand by 1.9 percent in 2025 and 2.0 percent in 2026, supported by resilient consumption and an expected easing of financial conditions, while the Euro Area is forecast to grow by 1.0 percent in 2025 and 1.2 percent in 2026, reflecting gains from lower inflation and improving real incomes but constrained by structural and geopolitical challenges.

Emerging Market and Developing Economies are projected to grow moderately at 4.1 percent in 2025 and 4.0 percent in 2026. This growth is supported by stronger performance in South Asia and Sub-Saharan Africa, steady growth in Middle East and Central Asia, but slower momentum in China and Latin America. At the regional level, Sub-Saharan Africa is projected to grow steadily at 4.0 percent in 2025 and improve to 4.3 percent in 2026, reflecting gradual recovery across the region. The growth is supported by robust growth in non-resource-rich countries, increased private consumption, improving investments, and a decline in inflation. However, the outlook remains constrained by high debt levels, climate vulnerabilities, external risks from global trade tensions, commodity price fluctuations, and structural constraints.

### **3.3.2 Domestic Growth Outlook**

Kenya's economic performance is projected to pick up in 2025 and 2026, with real GDP growth projected at around 5.3 percent. On the supply side, growth will be driven by resilient agriculture, steady services, and gradual improvement in industry. The agriculture sector will be driven by favourable weather conditions and productivity-enhancing government interventions. Linkages with other sub-sectors will boost the agro-processing industries, merchandise exports, as well as households' incomes. The industrial sector is projected to pick up in the medium term due to the reduced cost of production and stable exchange rate. Notably, the construction sub-sector is expected to recover following the settlement of verified pending bills, which will facilitate the resumption of stalled projects, improve liquidity for contractors, and stimulate growth in associated sectors including manufacturing and materials supply. Kenya's fast-growing services, including the financial sector and ICT, are projected to maintain momentum. Ongoing efforts by the government to promote eco-friendly tourism practices,

expand community-based tourism, and invest in port facilities to promote cruise tourism, are expected to drive the growth of the hospitality sector in the medium term.

On the demand side, private consumption and investment are projected to maintain a steady pace supported by a conducive macroeconomic environment. Prudent monetary policy and lower inflation will support disposable incomes of households and firms. Moreover, remittance inflows to Kenya are projected to remain resilient and provide further support. Lower lending rates are expected to encourage increased private investment by making credit more affordable for businesses, thereby supporting expansion and job creation, while also boosting household consumption through easier access to loans, which can stimulate economic growth. Private investment will also be supported by improved business confidence, adherence to fiscal consolidation, and a stable exchange rate underpinned by prudent monetary policy and successful liability management. The privatization of state-owned assets is expected to boost private investment by attracting both foreign and domestic investors, improving enterprise efficiency, and freeing up public resources to support broader economic growth.

Growth of public consumption is projected to remain subdued, in line with the planned fiscal adjustment in the medium term. As a percentage of GDP recurrent expenditure is projected to decline, while development expenditure is projected to gradually pick up to support BETA. The Government also plans to mobilize funds for planned major infrastructural projects through PPPs and will enhance liquidity to the private sector by clearing pending bills particularly the approved payments related to the roads sector. The settlement of the road sector pending bills will be facilitated through a bond issued by the Kenya Roads Board.

Kenya's external balance is projected to remain stable in the medium term, supported by increasing exports as trade agreements are implemented, and global financial conditions ease further. Additionally, a projected robust growth in Kenya's key trading partners (Africa) and low international commodity prices will drive demand for Kenya's exports with resilience expected in agriculture. The removal of export tariffs by China and improved access to European Union markets are expected to boost Kenya's exports, increase foreign exchange earnings, and help improve the country's external balance. 93. An anticipated stabilization in global growth in the medium term is expected to support resilience in diaspora remittances as well as continued growth in tourism and transport receipts. The estimated recovery in service exports is expected to compensate for a decline in incomes following reduction in aid flows. A projected increase in domestic demand supported by stable exchange rate will drive import growth largely through imports of raw materials for the recovery in industrial growth and imports for household consumption.

### 3.3.3 Monetary Policy Outlook

Monetary policy management is undertaken by CBK with the primary goal of maintaining price and financial stability to support economic growth. The framework is anchored on an inflation-targeting approach, with the current target set at  $5 \pm 2.5$  percent. The introduction of core and non-core inflation measures in January 2025 has strengthened the CBK's capacity for data-driven decisions, with core inflation providing a more reliable guide to underlying price pressures.

The Monetary Policy Committee continued to implement the reforms outlined in the White Paper on Modernization of the Monetary Policy Framework and Operations aimed at enhancing the effectiveness of monetary policy and supporting the anchoring of inflation expectations. As part of this reform, the CBK is transitioning toward a forward-looking, interest-rate-based monetary policy framework, strengthening liquidity management tools, enhancing policy communication and transparency, and upgrading market infrastructure to improve monetary policy transmission.

A key milestone in this transition is the adoption of the interest rate corridor system, which sets a clear ceiling and floor for short-term market interest rates around the CBR. In April 2025, the MPC narrowed the interest rate corridor from  $\pm 150$  basis points to  $\pm 75$  basis points and revised the discount window rate from 300 basis points above the CBR to the upper bound of the corridor (+75 basis points). These reforms are expected to stabilize the interbank rate, align it more closely with the CBR, strengthen monetary policy signaling, and deepen financial markets to bolster investor confidence and macroeconomic stability.

Further, the CBK has introduced a revised Risk-Based Credit Pricing Model (RBCPM) for the banking sector. This is aimed at strengthening monetary policy transmission, enhancing lending transparency, and promoting responsible lending by aligning credit pricing with borrowers' risk profiles. The revised model is anchored on the Kenya Shilling Overnight Interbank Average rate (KESONIA) to align with international best practices. It also closely links lending rates to the policy rate under the current monetary policy framework. Under the RBCPM, the total lending rate equals KESONIA plus a premium ("K") that covers lending costs, shareholder returns, and borrower risk, while the total cost of credit includes KESONIA, the premium, and fees and charges.

To ensure transparency, banks will publish their weighted average lending rates, premiums, and fees and charges for all lending products on their websites and on the Total Cost of Credit (TCC) platform. KESONIA will apply to all variable rate loans except foreign currency and fixed-rate loans, with the CBR as an alternative where KESONIA is not practical. The revised RBCPM was effective from

September 1, 2025, for all new variable rate loans, and will take effect from February 28, 2026, for existing variable rate loans following a six-month transition period.

The CBK extended the operating hours for the Kenya Electronic Payment and Settlement System (KEPSS) and the national Real Time Gross Settlement (RTGS) system, effective July 1, 2025. The strategic enhancement is aimed at improving the efficiency, accessibility, and resilience of Kenya's payments ecosystem supporting the country's transition towards a 24/7 digital economy, facilitate seamless transactions across time zones and increase the competitiveness of Kenya as a regional financial hub.

Going forward, monetary policy management will continue to focus on preserving the credibility of the inflation target and enhancing the transmission of policy signals to lending rates. Additionally, it will continue safeguarding financial stability and ensuring monetary conditions remain supportive of private sector credit and economic activities, reinforced by prudent fiscal management.

### **Macroeconomic Assumptions Underlying the Medium Term Fiscal Framework**

The macroeconomic assumptions for FY 2026/27 and medium-term Budget are outlined below:

- i. Global macroeconomic conditions remain stable;
- ii. Real GDP is projected to grow by 5.3 percent in 2025 and to sustain this growth rate over the medium term, largely driven by enhanced agricultural productivity, a resilient services sector, and ongoing implementation of priorities under BETA;
- iii. Favorable weather conditions are anticipated to boost agricultural productivity;
- iv. Inflation is expected to be maintained within the target range of  $5\pm 2.5$  percent;
- v. Interest rates are expected to continue declining in 2025 in line with the monetary policy stance and remain stable over the medium term to enhance credit to the private sector and support economic activities; and
- vi. Exchange rate is expected to remain stable.

#### **3.3.4 External Sector Outlook**

Exchange rate stabilized and was Ksh 129.16 in August 2025 from Ksh 129.21 in January 2025. Forecasts from CBK, Trading Economics, and other analysts indicate the Kenya shilling will depreciate modestly in 2026, mainly due to fiscal pressures, global USD strength, and external imbalances.

#### **3.3.5 Fiscal Policy Outlook**



The fiscal policy approach for FY 2026/27 and the medium term is designed to support the Government's key initiatives under BETA and the Fourth Medium Term Plan through a growth-oriented fiscal consolidation plan. This strategy aims to moderate the annual increase in public debt and execute a robust liability management plan, while maintaining the quality of public service delivery. These measures are expected to strengthen the country's debt sustainability. Fiscal consolidation efforts will focus on improving domestic revenue collection, optimizing and reprioritizing expenditures, and protecting critical government programs and social spending. Special attention will be given to boosting revenue through a blend of tax administration improvements and tax policy reforms, which include:

- i. Implementation of the National Tax Policy and the Medium Term Revenue Strategy to progressively strengthen tax revenue mobilization;
- ii. Strengthening tax administration to improve compliance, broaden the tax base, rationalize tax expenditures, continuous investment in technology to achieve seamless tax administration, and enhance customs valuation; and
- iii. Increase non-tax revenues that MDAs raise through the services they offer to the public.

On expenditure reforms, the Government will continue implementing measures aimed at strengthening expenditure controls and enhancing the efficiency and effectiveness of public spending. Key measures include:

- i) Rationalization and reduction of non-essential expenditures;
- ii) Utilization of end-to-end e-procurement system to maximize value for money and enhance transparency in procurement processes;
- iii) Prioritization of ongoing projects for completion before introduction of new projects;
- iv) Limitation of in-year adjustments to the budget through reallocations and additional funding requests to enhance budget credibility;
- v) Scaling up the use of the PPP framework for commercially viable projects;
- vi) Re-engineering of the pension management system to improve functionality, data management and overall efficiency;
- vii) Expediting State-Owned Enterprises' reforms;
- viii) Entrenching the zero-based budgeting to re-orient the budgeting and expenditure framework of the Government;



- ix) Fast tracking migration from cash basis to accrual basis of accounting;
- x) Implementing the Treasury Single Account to improve cash management; and
- xi) Operationalizing the Assets and Inventory Management Modules in the IFMIS for all MDAs to facilitate optimal assets utilization.

### **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 2024, Mandera County GDP was estimated at Kshs. 72 million, which is 0.5 per cent of the national GDP in 2023. While this represents a modest share compared to more urbanized and industrialized counties, it highlights Mandera's important role in contributing to Kenya's overall economic development.

An analysis of Mandera County's GCP between 2019 and 2023 reveals gradual growth with notable fluctuations during the period.

#### **GCP Trends**

- **2019:** KSh 57,448 million
- **2020:** KSh 64,201 million
- **2021:** KSh 69,211 million
- **2022:** KSh 68,074 million
- **2023:** KSh 72,764 million

From the above data, Mandera County's economy expanded from KSh 57.4 billion in 2019 to KSh 72.8 billion in 2023. This reflects an overall increase of 26.6% over the five-year period, equivalent to an average annual growth rate of approximately 5.9%.

The county recorded consistent growth from KSh 57.4 billion in 2019 to KSh 69.2 billion in 2021. This upward trend demonstrates resilience and economic expansion during a period marked by national and global economic challenges, including the COVID-19 pandemic. In 2022, Mandera's GCP slightly contracted to KSh 68.1 billion, representing a 1.6% decline from 2021. This could be attributed to external shocks such as drought, reduced household incomes, or slowed investment activities. The county rebounded strongly in 2023, reaching its highest GCP of KSh 72.8 billion. This recovery reflects strengthened economic activities, possibly driven by improved agricultural performance, trade, and

enhanced county government investments.

Figure 12 show the trend of GCP estimates covering the period 2019-2023 for Mandera County.

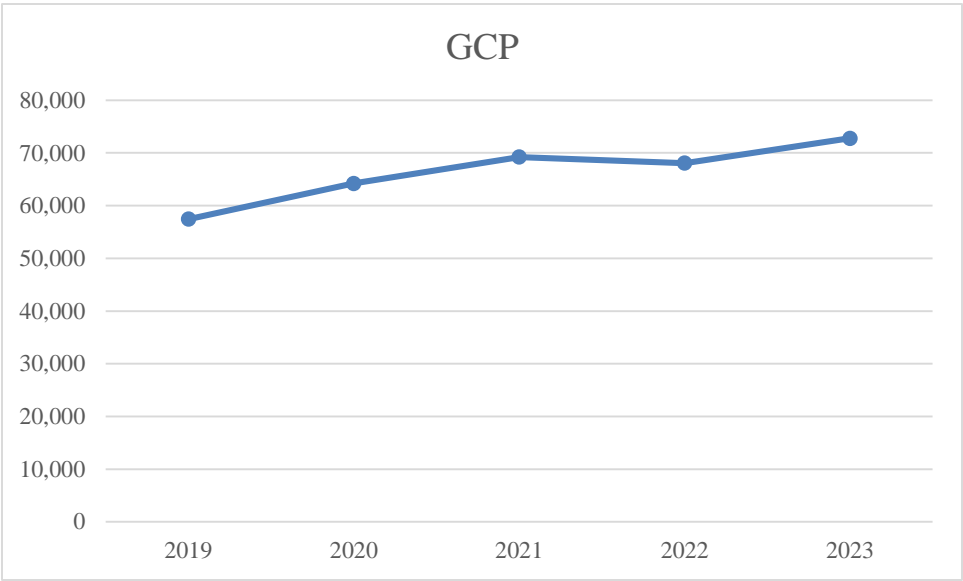


Figure 9 Mandera GCP Analysis

Source: KNBS

Mandera County’s GCP performance between 2019 and 2023 indicates gradual economic improvement despite temporary setbacks. 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 healthcare system has improved tremendously through the provision of medical supplies, and the expansion of sub-county hospitals, and rehabilitation of maternity units and dispensaries. In addition, a blood bank, CT scan, renal, dental, MRI, and mental health units have been established at MCTRH. The construction and equipping of additional boreholes have enhanced water accessibility for both humans and livestock. The County Government has also promoted agricultural growth through the supply of pump sets, the construction of canals, and the provision of free certified seeds and fertilisers, thereby improving productivity. Livestock development and value addition have been advanced through expanded access to livestock markets, coupled with notable progress in animal health and disease control. To reduce reliance on rain-fed agriculture and ensure long-term food security, the County Government remains 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 2025/2026 is likely to remain subdued due to constrained retail trade activities arising from border closures with neighbouring Somalia and Ethiopia. To enhance resilience, the County Government will continue implementing targeted interventions and undertaking appropriate measures to place the economy on a stronger growth trajectory in the medium term.

### **3.5 Medium Term Fiscal Framework**

The FY 2026/27 Budget and the Medium-Term framework will remain aligned with the priorities outlined in the MTP IV and the BETA. The focus will center on five key pillars that have the greatest potential to drive economic growth and improve household welfare, namely: Agricultural Transformation; the Micro, Small, and Medium Enterprises (MSME) sector; Housing and Settlement; Healthcare; and the Digital Superhighway and Creative Economy. In addition, the Government will pursue strategic interventions across several key enablers, including: Infrastructure; Manufacturing; the Blue Economy; the Services Sector; Environmental Conservation and Climate Change; Education and Training; the Women's Agenda; Youth Empowerment and Development; Social Protection; Sports, Culture and the Arts; Governance; and Foreign Policy and Regional Integration.

In FY 2026/27 and over the medium term, resource allocation for priority programmes will be organized under five key clusters: Finance and Production, Infrastructure, Environment and Natural Resources, Social Sectors, and Governance and Public Administration. The primary focus will be on strategic interventions within the following value chains: leather and leather products; textiles and apparel; dairy; tea; rice; edible oils; the blue economy; natural resources, and construction and building materials. This

value chain approach aims to ensure more efficient and rational resource allocation by minimizing duplication, reducing overlaps, avoiding fragmentation, and improving coordination in the implementation of programmes and projects. It further promotes a Whole-of-Government approach to service delivery, fostering greater synergy and effectiveness across sectors.

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 2026/27 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 2<sup>nd</sup> 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 proper 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 economic outlook is subject to several downside risks that could hinder growth and macroeconomic stability. Domestic risks relate to extreme weather events which could pose a serious

threat to agricultural performance. Disruptions in food production due to droughts and floods could lead to higher food prices, exacerbating inflation, and straining household incomes. Additionally, climate-related damage to infrastructure could disrupt economic activities and increase Government expenditure on disaster response and reconstruction.

Externally, the rise in costs of fuel and food imports, driven by supply constraints or geopolitical instability, could put upward pressure on inflation, eroding household purchasing power and increasing the cost of doing business. Additionally, uncertainty regarding trade policies and tariffs may hinder economic activities, along with increased financial market volatility and tighter financial conditions.

Despite these downside risks, there are potential upside scenarios. Accelerated implementation of structural reforms under BETA and the Fourth Medium-Term Plan, including further improvements in public financial management, expenditure efficiency, and governance, could enhance investor confidence and spur economic activities. A favourable global economic environment, marked by stable commodity prices, fall in oil prices, and strong external demand, could also support higher-than-expected growth, improving Kenya's overall economic resilience.

Continued coordination between monetary and fiscal policies is expected to contribute to a stable macroeconomic environment, which is essential for promoting investment, savings, and economic growth. The Government is actively monitoring both domestic and international conditions and will implement suitable policy measures to safeguard the economy against potential adverse effects should these risks 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 2025/2026 Budget

The implementation of the country's FY 2025/2026 budget remains on track. Total revenue amounted to KSh 212.6 billion (1.0 percent of GDP) in July 2025 against a target of KSh 232.7 billion (1.1 percent of GDP) recording a shortfall of KSh 20.1 billion. This performance, coupled with the weak budget outturn in FY 2024/25, points to continued fiscal pressures and underscores the need for realistic revenue projections in preparing the FY 2026/27 budget.

In order to maintain the fiscal balance consistent with the fiscal consolidation plan, revenue projections and expenditure estimates for FY 2025/26 remain aligned with those in the approved 2025 BPS. Total revenue including AiA for the FY 2025/26 is projected at KSh 3,321.7 billion (17.2 percent of GDP), while total expenditure and net lending is projected at KSh 4,269.9 billion (22.2 percent of GDP). Due to adjustments in expenditure and revenue, the overall fiscal deficit including grants is projected at KSh 900.9 billion (4.7 percent of GDP). The deficit will be financed by a net foreign financing of KSh 287.4 billion (1.5 percent of GDP) and a net domestic financing of KSh 613.5 billion (3.2 percent of GDP).

The implementation of the county government's FY 2025/26 budget commenced late. Nevertheless, budget implementation during the first quarter of FY 2024/25 has progressed well. Own-source revenue collected in the first two months amounted to Ksh 36,154,459. This collection has surpassed the target of Kshs. 20,192,176 thanks to the county government's enhanced revenue-generation efforts.

*Table 15: FY 2025/2026 July-August 2025 OSR Collections*

Revenue Sources	Jul-25	Aug-25	Total
Land rents	1,905,215	1,620,500	3,525,715
Plot Transfers/Sub-Divisions/Application Fees	1,291,000	1,240,500	2,531,500
Building plan	15,000	23,000	38,000
Miraa Movements	450,000	310,000	760,000
Single Business Permit	611,000	183,500	794,500
Market Stalls/ Shades	780,120	703,120	1,483,240
Market Gates/Cess	-	-	-
Buspark/Taxis/Parking	-	-	-
Income from Quarries	74,200	120,300	194,500
Barriers	1,761,200	1,461,731	3,222,931

Livestock Markets Auction	402,360	364,600	<b>766,960</b>
Livestock Movement	737,600	760,500	<b>1,498,100</b>
Slaughter fees and Charges	371,159	351,750	<b>722,909</b>
Produce Cess	174,910	73,460	<b>248,370</b>
Agriculture Mechanization/Hire of equipment	150,000	22,000	<b>172,000</b>
Rental income	559,618		<b>559,618</b>
Tender Fees	738,692	-	<b>738,692</b>
Public Health	44,000	57,400	<b>101,400</b>
Fire Service Fees	7,000	5,000	<b>12,000</b>
Income from Water Management	2,603,173	3,293,922	<b>5,897,095</b>
<b>Grand Total</b>	<b>12,676,247</b>	<b>10,591,283</b>	<b>23,267,530</b>
<b>HOSPITAL COLLECTIONS AFTER FIF ACT</b>			
Hospital Collections	4,306,503	3,935,203	<b>8,241,706</b>
Insurance Claims-Referrals	3,168,526	1,407,997	<b>4,576,523</b>
Insurance Claims-Level 2 & 3	-	-	<b>-</b>
Public Health	40,900	27,800	<b>68,700</b>
<b>Sub-Total</b>	<b>7,515,929</b>	<b>5,371,000</b>	<b>12,886,929</b>
<b>Grand Total</b>	<b>20,192,176</b>	<b>15,962,283</b>	<b>36,154,459</b>

Source: Revenue Directorate, Mandera County

#### 4.2 Criteria for Resource Allocation in FY 2026/2027 and Medium Term

The Kenyan Government will continue to implement the Zero-Based Budgeting approach to guide the prioritization and allocation of limited resources to projects and programmes. MDAs will be required to reassess all planned and existing programmes, projects and activities to be funded in the FY 2026/27 and over the medium-term budget. In this context, the principles of efficiency, effectiveness, and prudence in public spending will be strictly enforced, ensuring that low-priority expenditures are curtailed in favor of high-priority, service-delivery programmes. Sector Working Groups are therefore expected to prioritize essential spending and focus on interventions that improve livelihoods, create employment, support business recovery, and drive overall economic growth.

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 2026/2027, 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 aimed at climate change mitigation and adaptation;
- ❖ Programmes geared towards Economic recovery;
- ❖ Linkage of the programmes with the Objectives of the Third CIDP;
- ❖ Degree to which 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, efficiency 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;
- ❖ Programmes that promote gender equality and promote children's rights;
- ❖ Extent to which the Programme seeks to address viable stalled projects and verified pending bills; and
- ❖ Requirements for furtherance and implementation of the Constitution
- ❖ Presidential Directives and Cabinet Decisions;

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 BRDP 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 2025 Draft National BRDP, transfer to Counties is projected to be Kshs. 446.6 billion in the FY 2026/2027. The County Government of Mandera expects a total resource envelope of about Kshs. 14.1 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.

Other principal sources of revenue for the County include Conditional Grants from the World Bank, DANIDA, Department of Agriculture (GoK) and local revenue receipts.

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. 400 million for FY 2026/2027. 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 2026/2027 will be rolled out on the background of updated medium term framework and outlook with expenditure ceilings for the Departments being provided in the 2026 County Fiscal Strategy Paper to be released in February 2026.

#### **4.4 Medium-Term Expenditure Framework**

At national level, the FY 2026/2027 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 2026/27 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 2026/27 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, 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 2025 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 2024/2025 including compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act. The 2025 CBROP has highlighted the key County Government policies and objectives that will underpin the creation and implementation of the FY 2026/2027 budget.

The medium term macroeconomic and fiscal projections in the 2025 CBROP have been revised from those of the 2025 County Fiscal Strategy Paper (CFSP) estimates taking into account the macroeconomic and fiscal outcome of the FY 2024/25.

The 2025 CBROP forms the basis for the development of the 2026 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 2025 ADP. The preparation of the FY 2026/27 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 2026/27. MDAs have been advised to re-evaluate all the existing/planned activities, projects, and programmes to be funded in the FY 2026/27 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 2026/27 budget and the Medium Term will form inputs into the 2026 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 2026/27 budget will be broad based and consultative. To achieve this, the accounting officers have already been advised through budget circular issued on 28<sup>th</sup> August 2025 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 2026 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 2025/2026

S/No	Major Activities	Responsibility	Deadline
1.	Preparation and submission of budgetCircular	County Treasury	28 <sup>th</sup> August 2025
2.	Familiarization of Programme Based Budget	Departments/sectors/entities	Continuous
3.	Submission of Annual Development Plan	County Treasury	1 <sup>st</sup> September 2025
4.	Identification of key programs in eachministry	Each Department	September 2025
5.	Preparation and Submission of County Budget Review and Outlook Paper (CBROP) to the Cabinet	County Treasury	By 30 <sup>th</sup> September, 2025
6.	Submission of Approved County Budget Review and Outlook Paper (CBROP) to the County Assembly	County Treasury	By 11 <sup>th</sup> October, 2025
7.	Stakeholders/Public Participation Programs	Treasury/Departments	November 2025
8.	Preparation of CFSP and Submission to the County Assembly	County Treasury	By 28th February 2026
9.	Preparation of DMSP and Submission to the County Assembly	County Treasury	By 28th February 2026
10.	Submission of draft departmental programs and detailed budget to the County Treasury (The budget must adhere to the ceiling given in CFSP)	Each Department	By 15 <sup>th</sup> March 2026
11.	County Treasury to compile, consolidate, rationalize, allocate resources, and finalize the budget for submission to the cabinet.	County Treasury	29 <sup>th</sup> March 2026
12.	Approval of the budget by the Cabinet	The cabinet	By 15th April 2026
13.	Submission of the budget to the County Assembly	County Treasury	By 30th April 2026
14.	Submission of Finance Bill	County Treasury	By 30th April 2026
15.	Submission of finance bill to the County Assembly	County Treasury	By 30th April 2026
16.	Preparation of Appropriation bill, Gazettement, the approval and assent of the bill, Gazettement of the Act, General Warrant, and sign-off	County Assembly and County Treasury	By 30th June 2026
17.	Approval of the Finance Bill	County Assembly	By 30th June 2026

## Annex II: Summary of revenue projections over the medium term

CBROP Projections	Printed Estimates		Projections		
Revenue summary By Sources	FY 2024/2025	FY 2025/2026	FY 2026/2027	FY 2026/2027	FY 2027/2028
	Amount (Kshs)	Amount (Kshs)	Amount (Kshs)	Amount (Kshs)	Amount (Kshs)
Equitable share	11,690,618,560	12,265,064,993	12,265,064,993	12,265,064,993	12,265,064,993
Own Source Revenue Projections	350,000,000	682,525,007	682,525,007	682,525,007	682,525,007
On-Going Projects funds b/f from previous year	55,413,432	347,553,249	400,000,000	600,000,000	600,000,000
Equitable share (June 2024 Allocations not received)	930655331				
Allocation for Mineral royalties	-	1028			
DANIDA Grant - Primary Health Care	15,746,250	16,473,000			
DANIDA Grant - Primary Health Care for FY 2023/2024 (Not received)	18653250	18,653,250			
DANIDA Grant - Primary Health Care (Balance in SPA)	1190001	15,746,250			
Community Health Promoters Program	18540000	18,540,000	18,540,000	18,540,000	18,540,000
Kenya Agricultural Business Development Project	10918919	10,918,919	10,918,919	10,918,919	10,918,919
Kenya Urban Support Project (KUSP) – UDG	142013441	142,013,441	142,013,441	142,013,441	142,013,441
World Bank Emergency locust response Project (ELRP)	142,500,000	0			
Food Systems Resilience Project - (FSRP)	173076923	316,280,977	173,076,923	173,076,923	173,076,923
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)	286447747	16507427	0		
FLOCCA CCIR Grant FY 2023/2024 and fy 2024/25 Allocations	182,351,172	227,938,965	182,351,172	182,351,172	182,351,172
Conditional Grant for Aggregated Industrial Parks Programme	250000000	250,000,000			
Kenya Devolution Support Programme 2 (KDSP II)	37500000	390,000,000	300,000,000	300,000,000	300,000,000
Roads Maintenance Fuel Levy	192647255	192,647,255			
RMLF b/f	2,271,953	0			
Kenya Urban Support Project (Urban Development Grant)	1194559	0			
Kenya Urban Support Project (KUSP) – UIG	35000000	70,000,000			
Basic Salary Arrears for County Governments Health Workers	19,809,159	19809159			
<b>TOTAL</b>	<b>14,567,547,952</b>	<b>15,011,672,920</b>	<b>14,185,490,455</b>	<b>14,385,490,455</b>	<b>14,385,490,455</b>

### Annex III: 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	11,690,618,560	421,783,014	3%
2025/26	12,265,064,993	574,446,433	5%

**Fig. Graphical Representation of the Equitable Share Growth**

