

COUNTY GOVERNMENT OF MANDERA



COUNTY FISCAL STRATEGY PAPER (CFSP) 2026

THEME: *fostering responsible fiscal management*

FEBRUARY 2026

Contents

| | |
|--|----|
| COUNTY VISION, MISSION AND CORE VALUES..... | 6 |
| CHAPTER ONE | 9 |
| 1.0: INTRODUCTION | 9 |
| 1.1: LEGAL BASIS | 9 |
| 1.2 Background | 10 |
| 1.3 FISCAL RESPONSIBILITY PRINCIPLE | 11 |
| 1.4 OBJECTIVES OF THE PREPARATION OF COUNTY CFSP | 12 |
| 1.5 LINKAGE WITH VISION 2030, MTPs, BETA AND SDGs | 12 |
| 1.6 OUTLINE OF THE 2026 COUNTY FISCAL STRATEGY PAPER | 13 |
| CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS AND MEDIUM- TERM OUTLOOK | 14 |
| 2.1 Global Economic Outlook | 14 |
| 2.2 Domestic Economic Performance | 15 |
| 2.3 Inflation Developments | 17 |
| 2.4 Interest Rates Developments | 18 |
| 2.5 Monetary and Credit Developments | 19 |
| 2.6 External Sector Developments | 21 |
| 2.7 Foreign Exchange Reserves | 22 |
| 2.8 Exchange Rate Developments | 23 |
| 2.9 Capital Markets Developments | 24 |
| 2.10 Mandera Gross County Product (GCP) | 25 |
| 2.10.1 Contribution to National GDP | 25 |
| CHAPTER THREE: FISCAL PERFORMANCE IN FY 2025/2026 AND EMERGING CHALLENGES | 26 |
| 3.1 FISCAL PERFORMANCE OF THE 2024/2025 BUDGET | 26 |
| 3.1.1. INTRODUCTION | 26 |
| 3.1.2 Budget component | 26 |
| 3.2 Revenue Performance Analysis | 27 |
| During the first six months of the FY 2025/2026, the County received Kshs. 5,572,245,333 as equitable share of revenue raised nationally and raised Kshs. 177,696,817 from own source revenue..... | 27 |
| 3.2.1 Own Source Revenue Performance | 27 |
| 3.2.2 Total Local Revenue Collections for the First Half of FY 2025/2026 | 28 |
| 3.2.3 Monthly OSR Performance per Stream | 29 |
| Table 3: Monthly OSR Performance per Stream..... | 29 |

| | |
|---|-----------|
| Figure 9: Revenue performance for major sources of revenue..... | 31 |
| 3.2.4 Revenue for the half year against target for the period..... | 31 |
| 3.2.5 Explanations for the revenue performance | 32 |
| 3.2.6 Recommended Revenue Enhancement Strategies | 33 |
| 3.3 Exchequer Issues..... | 33 |
| 3.4 Conditional Grants | 33 |
| 3.5 Revenue Performance by Source..... | 34 |
| 3.6 Overall Expenditure Analysis..... | 35 |
| 3.6.1 Expenditure by Economic Classification | 35 |
| 3.7 Budget and Budget Performance by County Departments..... | 36 |
| 3.7.1 Budget estimates..... | 36 |
| 3.8 Departmental Expenditure Analysis (Against Annual Target) | 37 |
| 3.8 Expenditure Performance Proportion | 39 |
| 3.8.1 Development expenditure performance by departments | 39 |
| 3.8.2 Recurrent expenditure performance by departments | 40 |
| 3.8.3 Budget Execution by Programmes and Sub-Programmes..... | 42 |
| 3.8.4 Expenditure on Employees' Compensation..... | 47 |
| 3.8.5 Settlement of Pending Bills..... | 47 |
| 3.9 SECTOR ACHIEVEMENTS | 48 |
| 3.9.1 HEALTH SERVICES..... | 48 |
| 3.9.2 EDUCATION AND HUMAN CAPITAL DEVELOPMENT | 48 |
| 3.9.3 AGRICULTURE, LIVESTOCK AND FISHERIES | 49 |
| 3.9.4 FINANCE AND ECONOMIC PLANNING..... | 50 |
| 3.9.5 LANDS AND URBAN DEVELOPMENT | 50 |
| 3.9.6 TRADE AND COOPERATIVE DEVELOPMENT | 51 |
| 3.9.7 SOCIAL DEVELOPMENT | 51 |
| 3.9.8 ROADS, TRANSPORT AND PUBLIC WORKS | 52 |
| 3.9.9 PUBLIC SERVICE MANAGEMENT, DEVOLVED UNITS AND COMMUNITY COHESION | 52 |
| 3.9.10 WATER, ENERGY, ENVIRONMENT AND CLIMATE CHANGE..... | 52 |
| 3.10 IMPLEMENTATION CHALLENGES, LESSONS LEARNT AND WAY FORWARD..... | 53 |
| 3.11 RECOMMENDATIONS..... | 54 |
| CHAPTER FOUR: SECTOR PRIORITIES FOR FY 2026/2027 | 56 |

| | |
|---|----|
| 4.1 HEALTH SERVICES | 56 |
| Strategic Priorities..... | 56 |
| 4.1.1 Public Health Services | 56 |
| 4.1.2 Medical Services | 57 |
| 4.2 EDUCATION AND HUMAN CAPITAL DEVELOPMENT | 58 |
| Strategic Priorities..... | 58 |
| 4.2.1 Early Childhood Development Education | 58 |
| 4.3 AGRICULTURE, LIVESTOCK AND FISHERIES | 59 |
| Strategic Priorities..... | 59 |
| 4.4 FINANCE AND ECONOMIC PLANNING | 61 |
| Strategic Priorities..... | 61 |
| 4.5 LANDS AND URBAN DEVELOPMENT | 62 |
| Strategic Priorities..... | 62 |
| 4.6 TRADE AND COOPERATIVE DEVELOPMENT | 64 |
| Strategic Priorities..... | 64 |
| 4.6.1 Trade, Industry and Investment | 64 |
| 4.6.2 Cooperative Development and Marketing | 65 |
| 4.7 SOCIAL DEVELOPMENT | 65 |
| Strategic Priorities..... | 66 |
| 4.8 ROADS, TRANSPORT AND PUBLIC WORKS | 67 |
| Strategic Priorities..... | 68 |
| 4.9 PUBLIC SERVICE MANAGEMENT, DEVOLVED UNITS AND COMMUNITY COHESION | 68 |
| Strategic Priorities..... | 68 |
| 4.10 WATER, ENERGY, ENVIRONMENT AND CLIMATE CHANGE | 69 |
| Strategic Priorities..... | 69 |
| 4.11 OFFICE OF THE GOVERNOR | 70 |
| 4.12 COUNTY PUBLIC SERVICE BOARD | 71 |
| 4.13 COUNTY ASSEMBLY | 71 |
| 4.14 RISK MITIGATION FRAMEWORK | 71 |
| CHAPTER FIVE: THE MEDIUM-TERM STRATEGY 2026/2027..... | 72 |
| 5.1 Overview | 72 |
| 5.2 Fiscal Policy | 72 |

5.3 Revenue Projections..... 73

5.3.1 Expenditure Projections 73

5.3.1 Expected Revenue by Source 73

5.4 County Allocations for FY 2026/2027..... 74

5.5 Resource Allocation Criteria and Proposed Ceilings for FY 2026/27 74

5.5.1: Criteria for Resource Allocation 74

5.2 Proposed Ceilings for FY 2026/27 76

5.6 Fiscal Strategy FY 2026/2027 77

COUNTY VISION, MISSION AND CORE VALUES

VISION

Regionally competitive and self- reliant county

MISSION

To strategically position ourselves as a county guided by innovative competitiveness in order to achieve progressive, wealthy, healthy, cohesive and secure county

CORE VALUES

- Integrity
- Professionalism
- Accountability
- Hard work
- Innovation
- Responsiveness

ABBREVIATIONS

ADP-Annual Development Plan

ATI -Agricultural Training Institute

BOP -Balance of Payments

CBROP- County Budget Review and Outlook Paper

CCO -County Chief Officer

CBK -Central Bank of Kenya

CBR –Central Bank Rate

CECM -County Executive Committee Member

CFSP- County Fiscal Strategy Paper

CIDP -County Integrated Development plan

CORE- County Own Revenue

COG- Council of Governors

CPI -Consumer Price Index

CRA- Commission of Revenue Allocation

ECDE -Early Childhood Development & Education

FY- Financial Year

GCP- Gross County Product

GDP -Gross Domestic Product

GIS- Geographic Information System

IBEC-Inter-Governmental Budget and Economic Council

ICT- Information and Communication Technology

IFMIS- Integrated Financial Management Information System

KNBS- Kenya National Bureau of Statistics

Kshs- Kenya Shillings

MTDS-Medium-term Debt Management Strategy

LAN- Local Area Network

MCTRH-Mandera County Teaching and Referral Hospital

MTEF- Medium Term Expenditure Framework

MTP -Medium-Term Plan

NFA -Net Foreign Assets

NSE -Nairobi Securities Exchange

OSR- Own Source Revenue

OVC-Orphans and Vulnerable Children

PFM- Public Finance Management

SRC -Salaries and Remuneration Commission

SDG-Sustainable Development Goals

VTCs- Vocational Training Centres

CHAPTER ONE

1.0: INTRODUCTION

The County Fiscal Strategy paper (CFSP) is the fourth stage activity in the budget preparation process and the paper has been formulated in line with the PFM Act 2012. This policy document heralds the preparation of two other important documents, that is, the County Annual Development Plan (CADP) and the County Budget Review and Outlook Paper (CBROP).

The County Fiscal Strategy Paper (CFSP) is a primary financial policy statement of the county government which sets out the priority programmes the government intends to implement. The County Fiscal Strategy Paper 2026 identifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for Financial Year (FY) 2026/2027 and the Medium Term.

Through this, the government is able to achieve its priorities and within the context of limited resources in the medium-term expenditure framework (FY 2026/2027 - FY 2027/2028). These priorities may be new or continuing sector-specific programmes that are to be funded in the next budget year and over the medium term.

1.1: LEGAL BASIS

In accordance with Section 117 of the Public Finance Management Act, 2012, it states that;

- i. The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the County assembly, by the 28th February of each year
- ii. The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
- iii. In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the County government in preparing its budget for the coming financial year and over the medium term.
- iv. In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of
 - a. The Commission on Revenue Allocation;
 - b. The public;
 - c. Any interested persons or groups; and
- v. Not later than fourteen days after submitting the County Fiscal Strategy Paper to the County assembly, the County assembly shall consider and may adopt it with or without amendments.
- vi. The County Treasury shall consider any recommendations made by the County assembly when finalizing the budget proposal for the financial year concerned

This is prepared pursuant to section 117 of PFM Act 2012. The Constitution of Kenya, 2010, provided for two levels of government, National and County levels with each having clear functions. To ensure financial discipline and accountability with the way public finances are handled, various legal frameworks have been laid down including the Public Finance Management (PFM) Act, 2012 which requires counties to prepare County Fiscal Strategy Paper (CFSP) each year.

1.2 Background

The County Fiscal Strategy Paper (CFSP) 2026 is the Fourth to be prepared under the current County administration. It seeks to actualize the priorities laid down under the **Key Pillars** of the County Administration as well as the Socio-Economic Transformative Agenda spelt out in the Third County Integrated Development Plan (CIDP III 2023-2027). These include:

- ❖ Creating an enabling environment for business in order to encourage investment growth and expansion of economic opportunities as well as enhancing resource mobilization
- ❖ Development of key infrastructure facilities including roads, water and ICT in order to stimulate growth, create employment and reduce poverty;
- ❖ Transforming Health Care provision
- ❖ Expanding and improving education access & quality
- ❖ Promotion of value addition for agricultural produce, environment management and food security;
- ❖ Promotion of equitable economic and social development;
- ❖ Enhancing governance, transparency and accountability in the delivery of public goods and services.

1.3 FISCAL RESPONSIBILITY PRINCIPLE

The Public Finance Management (PFM) Act, 2012 outlines the fiscal responsibility principles to ensure Prudence and transparency in the management of public resources. The PFM Act (Section 107) states that:

(1) A County Treasury shall manage its public County Treasury to enforce fiscal responsibility principles finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations. In managing the County

Government's public finances, the County Treasury shall enforce the following fiscal responsibility principles- The County Government's recurrent expenditure shall not exceed the County Government's total revenue;

Over the medium term a minimum of thirty percent of the County Government's budget shall be allocated to the development expenditure; 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.

Over the medium term, the Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure; The County debt shall be maintained at a sustainable level as approved by County assembly; The fiscal risks shall be managed prudently; and A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in the future. The regulations in section 25 (1) States that in addition to the fiscal responsibility principles set out in section 107 of the Act, the following fiscal responsibility principles shall apply in the management of public finances—

- (a) The County Executive Committee Member with the approval of the County Assembly shall set a limit on the County government's expenditure on wages and benefits for its public officers pursuant to section 107(2) of the Act;
- (b) The limit set under paragraph (a) above, shall not exceed thirty-five (35) percent of the County government's total revenue;
- (c) For the avoidance of doubt, the revenue referred to in paragraph (b) shall not include revenues that accrue from extractive natural resources including as oil and coal;
- (d) The County public debt shall never exceed twenty (20%) percent of the County governments total revenue at any one time;
- (e) The County annual fiscal primary balance shall be consistent with the debt target in paragraph
- (f) The approved expenditures of a County assembly shall not exceed seven per cent of the total revenues of the County government or twice the personnel emoluments of that County assembly, whichever is lower;
- (g) Pursuant to section 107(5) of the Act, if the County government actual expenditure on development shall be at least thirty percent in conformity with the requirement under section 107(2)(a) of the Act;
- (h) If the County government does not achieve the requirement of regulation 25(1)(f) above at the end of the financial year, the County executive committee member for finance shall submit a responsibility statement to County assembly explaining the reasons for the deviation and provide a plan on how to ensure annual actual expenditure outturns as well as medium term allocation comply with the provisions of Section 107 (2) (a) of the Act and these regulations in the subsequent years; and the compliance plan above shall be binding and the County executive committee member for finance shall ensure implementation

1.4 OBJECTIVES OF THE PREPARATION OF COUNTY CFSP

The objective of the 2026 County Fiscal Strategy Paper is to lay down the framework for the preparation of the County Budget. It is a requirement under Section 117 of the Public Finance Management Act, 2012 that each County Treasury shall prepare and submit to the County Executive Committee the Fiscal Strategy Paper for approval, and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by the 28th February each year.

Pursuant to the provisions of the PFM Act 2012, this County Fiscal Strategy Paper addresses the following:

- i. The Medium-Term macroeconomic framework and its outlook as contained in the Budget Policy Statement and how it impacts on the County economic environment;
- ii. A statement of fiscal responsibility principles, as specified in the PFM Act, 2012 and regulations indicating how the Fiscal Strategy Paper adheres to these principles;
- iii. The economic assumptions underlying the County budgetary and fiscal policy over the Medium Term;
- iv. Indicative allocation of available resources among County Government entities; and
- v. A medium-term fiscal framework defining a bottom-up aggregate resource envelope and broad expenditure levels.

In preparing the CFSP, the County Government has considered the views of the public, the sectors, the Commission on Revenue Allocation and other key stakeholders

1.5 LINKAGE WITH VISION 2030, MTPs, BETA AND SDGs

The County Fiscal Strategy Paper is closely linked to the Vision 2030, MTP IV, Bottom-Up Economic Transformation Agenda (BETA) of The National Government, Sustainable Development Goals (SDGs), and the African Agenda 2063.

Vision 2030 is Kenya's long-term development blueprint that outlines the Country's development aspirations. The County Fiscal Strategy Paper aligns with Vision 2030 by providing the necessary resources to support the various implementations like infrastructure, education and healthcare.

The County Fiscal Strategy Paper allocates resources in line with the 17 goals under SDGs like reducing poverty, improving access to education and healthcare and protecting the environment.

The County Fiscal Strategy Paper is closely linked to the Vision 2030, SDGs, and the African Agenda 2063 as it provides the necessary resources to support the implementation

of initiatives and projects aimed at promoting sustainable economic development, improving governance and strengthening regional integration.

1.6 OUTLINE OF THE 2026 COUNTY FISCAL STRATEGY PAPER

The Fiscal Strategy Paper is presented in Five chapters.

The Introduction presented in Chapter one outlines the background, legal basis, fiscal responsibility principles and objectives.

Chapter Two, presents the Recent Economic Developments and Medium-term outlook which gives an overview of the global, national, regional and county economic development outlook.

In Chapter Three, the paper outlines the fiscal performance for the FY 2025/2026 as well as sector achievements.

Chapter Four contains the Budget projections for FY 2026/2027 and the Medium-term.

Finally, Chapter Five presents, the Sector priorities for FY 2026/2027 and the statement of fiscal risks.

CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS AND MEDIUM- TERM OUTLOOK

2.1 Global Economic Outlook

Global growth has remained resilient in 2025, supported by front-loading of exports to the United States ahead of higher tariff implementation, improved financial conditions, and strong consumer spending. Global real GDP is estimated to grow by 3.2 percent in 2025, before moderating slightly to 3.1 percent in 2026 (**Table 1**). Growth is projected to slow in 2026 as the temporary boost from front-loading fades and as higher effective tariff rates and elevated trade-policy uncertainty weigh on activity. In addition, weak global demand and heightened geopolitical tensions continue to pose significant risks to the global outlook.

Table 1: Global Economic Performance

| Economy | Actual | | Projections | |
|-----------------------------------|--------|------|-------------|------|
| | 2023 | 2024 | 2025 | 2026 |
| World | 3.5 | 3.3 | 3.2 | 3.1 |
| Advanced Economies | 1.8 | 1.8 | 1.6 | 1.6 |
| <i>Of which: USA</i> | 2.9 | 2.8 | 2.0 | 2.1 |
| <i>Euro Area</i> | 0.5 | 0.9 | 1.2 | 1.1 |
| <i>Japan</i> | 1.4 | 0.1 | 1.1 | 0.6 |
| Emerging and Developing Economies | 4.7 | 4.3 | 4.2 | 4.0 |
| <i>Of which: China</i> | 5.4 | 5.0 | 4.8 | 4.2 |
| <i>India</i> | 9.2 | 6.5 | 6.6 | 6.2 |
| Sub-Saharan Africa | 3.6 | 4.1 | 4.1 | 4.4 |
| <i>Of which: South Africa</i> | 0.8 | 0.5 | 1.1 | 1.2 |
| Nigeria | 2.9 | 4.1 | 3.9 | 4.2 |

Source: IMF World Economic Outlook, October 2025

In advanced economies, growth is expected to remain modest at about 1.6 percent in both 2025 and 2026. In the United States, growth is projected at 2.0 percent in 2025, rising slightly to 2.1 percent in 2026, supported by resilient household spending, strong business investment, particularly in AI-related technologies, and easing financial conditions. Meanwhile, growth in the Euro Area is projected at 1.2 percent in 2025 and 1.1 percent in 2026. This moderate expansion is underpinned by rising real wages, which bolster household consumption, as well as investment in technology and equipment, although progress is constrained by trade-policy uncertainty, weaker export demand and subdued business confidence.

Emerging market and developing economies are projected to grow at 4.1 percent in 2025, then slightly slow to 4.0 percent in 2026. This moderate growth is underpinned by relatively resilient domestic demand in regions such as South Asia and Middle East / Central Asia, coupled with recoveries in investment in several countries. At the same time, China's growth softens, weighing on the aggregate; and growth in Latin America is projected to remain sluggish amid

external pressures. The outlook for Sub-Saharan Africa is more favorable: growth is expected to be around 4.1 percent in 2025, with a modest pickup to 4.4 percent in 2026. This resilience is underpinned by macroeconomic stabilization, recovering private consumption, improving investment conditions, and ongoing economic reforms. Nonetheless, the region still faces risks from fiscal pressures and external vulnerabilities.

2.2 Domestic Economic Performance

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 and second quarters of 2025, the economy remained strong with a growth of 4.9 percent and 5.0 percent, respectively (**Table 2**). 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 half of 2025, with varied magnitudes across activities.

Table 2: Sectoral GDP Performance

| Sectors/Sub-sectors | Annual Growth Rates | Quarterly Growth Rates | | | |
|--|---------------------|------------------------|------------|------------|------------|
| | 2024 | 2024 Q1 | 2024 Q2 | 2025 Q1 | 2025 Q2 |
| 1. Primary sector | 3.9 | 4.5 | 4.0 | 6.2 | 4.9 |
| 1.1. Agriculture, Forestry and Fishing | 4.6 | 5.6 | 4.5 | 6.0 | 4.4 |
| 1.2. Mining and Quarrying | (9.2) | (16.1) | (5.5) | 10.8 | 15.3 |
| 2. Secondary Sector (Industry) | 1.5 | 1.5 | 0.5 | 2.6 | 3.3 |
| 2.1. Manufacturing | 2.8 | 1.9 | 3.2 | 2.1 | 1.0 |
| 2.2. Electricity and Water supply | 1.9 | 2.8 | 1.2 | 3.6 | 5.7 |
| 2.3. Construction | (0.7) | 0.4 | (3.7) | 3.0 | 5.7 |
| 3. Tertiary sector (Services) | 6.1 | 6.8 | 6.2 | 4.8 | 5.5 |
| 3.1. Wholesale and Retail trade | 3.8 | 3.6 | 2.5 | 5.4 | 4.0 |
| 3.2. Accommodation and Restaurant | 25.7 | 38.1 | 35.0 | 4.1 | 7.8 |
| 3.3. Transport and Storage | 4.4 | 4.1 | 3.4 | 3.8 | 5.4 |
| 3.4. Information and Communication | 7.0 | 9.2 | 6.7 | 5.8 | 6.0 |
| 3.5. Financial and Insurance | 7.6 | 9.6 | 8.0 | 5.1 | 6.6 |
| 3.6. Public Administration | 8.2 | 7.5 | 9.0 | 6.5 | 6.0 |
| 3.7. Others | 5.2 | 5.8 | 5.6 | 4.4 | 5.2 |
| of which: Professional, Admin & Support Services | 9.4 | 9.4 | 6.7 | 4.6 | 8.5 |
| Real Estate | 5.3 | 6.9 | 5.9 | 5.3 | 5.5 |
| Education | 3.9 | 2.4 | 3.2 | 2.9 | 3.2 |
| Health | 6.3 | 5.4 | 8.1 | 4.8 | 6.8 |
| Taxes less subsidies | 4.4 | 2.9 | 3.8 | 5.7 | 3.3 |
| Real GDP | 4.7 | 4.9 | 4.6 | 4.9 | 5.0 |

Source of Data: Kenya National Bureau of Statistics

In 2025, the primary sector grew by 6.2 percent in the first quarter and 4.9 percent in the second quarter compared to a growth of 4.5 percent and 4.0 percent in the corresponding quarters 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 and 4.4 percent in the second quarter of 2025, compared to growth of 5.6 percent and 4.5 percent in the corresponding quarters of 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 milk, coffee, vegetables, fruits and cut flowers. However, the sub-sector's performance was somewhat curtailed by a decline in tea production.

The mining and quarrying sub-sector grew by 10.8 percent in the first quarter and 15.3 percent in the second quarter of 2025, compared to a contraction of 16.1 percent and a contraction of 5.5 percent in the same quarters of 2024. This reflected increased activity and renewed investment following a period of subdued performance in the previous year.

In the first half of 2025, the industry sector recorded a growth of 2.6 percent in the first quarter and 3.3 percent in the second quarter, an improvement from a growth of 1.5 percent and 0.5 percent in corresponding quarters 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 1.9 percent in the first quarter of 2024, and by 1.0 percent in the second quarter of 2025 compared to 3.2 percent in the second 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 and milk deliveries. 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 in the first quarter and 5.7 percent in the second quarter of 2025, compared to 2.8 percent and 1.2 percent in the corresponding quarters of 2024. Growth was driven by higher electricity generation, with solar wind and geothermal contributing significantly, although increases in thermal generation and decline in hydro curtailed overall performance. Construction sub-sector grew by 3.0 percent in the first quarter and 5.7 percent in the second quarter of 2025, up from a growth of 0.4 percent and a contraction of 3.7 in corresponding quarters of 2024. This was driven by increased consumption of key inputs such as cement, iron and steel. Additionally, the quantity of imported bitumen increased during the period

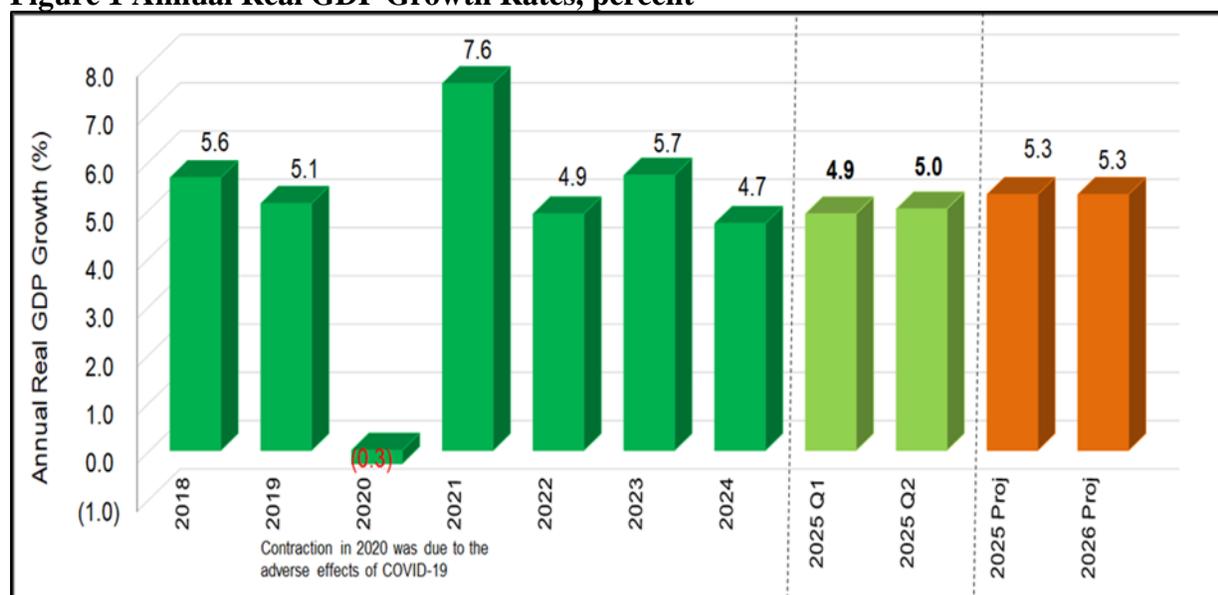
The services sector recorded a growth of 4.8 percent in the first quarter and 5.5 percent in the second quarter of 2025, a slowdown from the 6.8 percent and 6.2 percent growths posted in the corresponding quarters of 2024. The transportation and storage sub-sector expanded by 3.8 percent in the first quarter and 5.4 percent in the second quarter of 2025, compared to 4.1 percent and 3.4 percent in the corresponding quarters of 2024. The performance was supported by increased activity in land transport, railway operations, and port throughput. Accommodation and food service sub-sectors grew by 4.1 percent in the first quarter and 7.8 percent in the second quarter of 2025, a slowdown, compared to a growth of 38.1 percent and 35.0 percent in the corresponding quarters of 2024. The number of visitor arrivals via the two major airports, the

Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) increased in the first half of 2025.

The information and communication sub-sector grew by 5.8 percent in the first quarter and 6.0 percent in the second quarter of 2025, compared to a growth of 9.2 percent and 6.7 percent in corresponding quarters of 2024. This performance was supported by an increase in both domestic and international mobile voice traffic and an increase in mobile broadband data consumption. The financial and insurance sub-sector recorded growth of 5.1 percent in the first quarter and 6.6 percent in the second quarter of 2025, compared to 9.6 percent and 8.0 percent in the corresponding quarters of 2024. The slower growth reflects the impact of easing interest rates, which moderated earnings from financial intermediation, alongside relatively modest credit growth to the private sector.

Leading indicators of economic activity point to improved performance in the third quarter of 2025. The growth of the economy is expected to pick up to 5.3 percent in both 2025 and 2026, supported by continued resilience of key service sectors and agriculture, and continued recovery of the industry sector. The outlook will be reinforced by the ongoing implementation of priorities under Bottom-Up Economic Transformation Agenda (BETA) (Figure 1).

Figure 1 Annual Real GDP Growth Rates, percent



Source of Data: Kenya National Bureau of Statistics

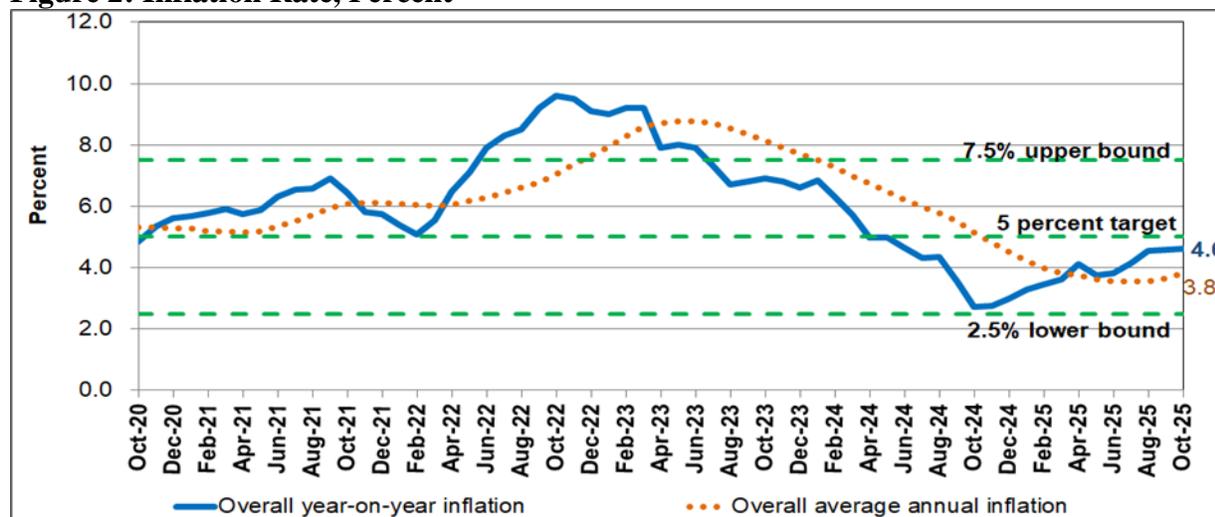
2.3 Inflation Developments

Overall year-on-year inflation has declined and remained below the mid-point of the policy target range of 5.0 ± 2.5 percent since June 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 due to the impact of previous

monetary policy tightening. Inflation stood at 4.6 percent in October 2025 compared to 2.7 percent in October 2024 (**Figure 2**). The slight increase reflects the easing of monetary policy.

Core inflation increased to 2.7 percent in October 2025 from 1.8 percent in October 2024, largely driven by higher prices of processed food items. Non-core inflation rose to 9.9 percent in September 2025 from 5.1 percent in October 2024, driven primarily by sharper increases in transport costs, as well as higher prices of vegetables, particularly tomatoes, carrots, onions and cabbages, alongside pressures from utilities and energy.

Figure 2: Inflation Rate, Percent



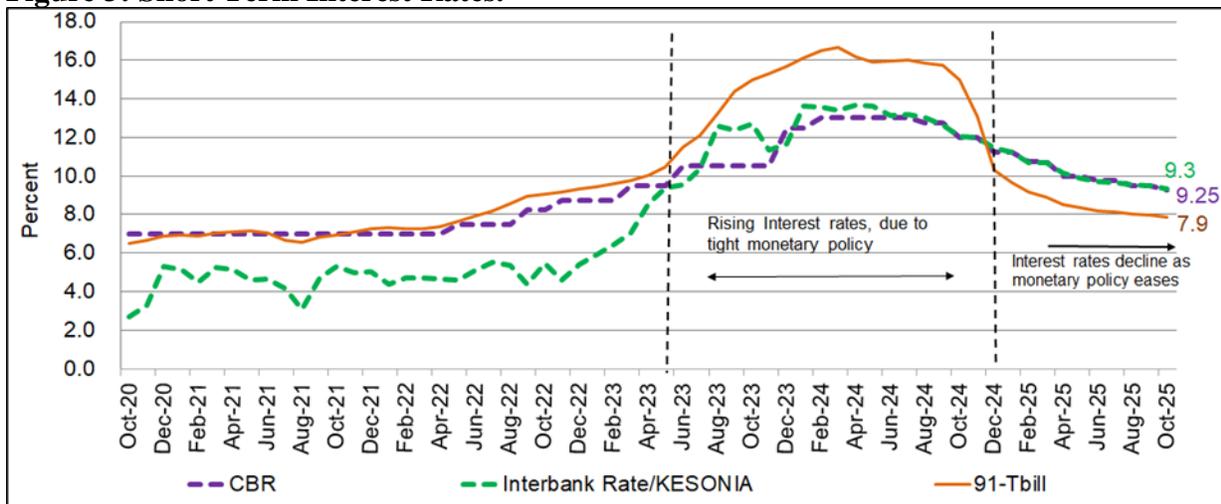
Source of Data: Kenya National Bureau of Statistics

2.4 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 9.25 percent in October 2025 (**Figure 3**). 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 also remain stable.

The short-term interest rates have declined in line with the easing of the monetary policy. KESONIA (overnight interbank rate) declined to 9.3 percent in October 2025 compared to 12.1 percent in October 2024 while the 91-day Treasury Bills rate declined to 7.9 percent from 15.0 percent, over the same period. The 182-day Treasury Bills rate declined to 7.9 percent in October 2025 from 15.8 percent in October 2024 while the 364-day Treasury Bills also declined to 9.4 percent from 16.1 percent over the same period. The decrease in government domestic borrowing rates has led to lower debt servicing costs.

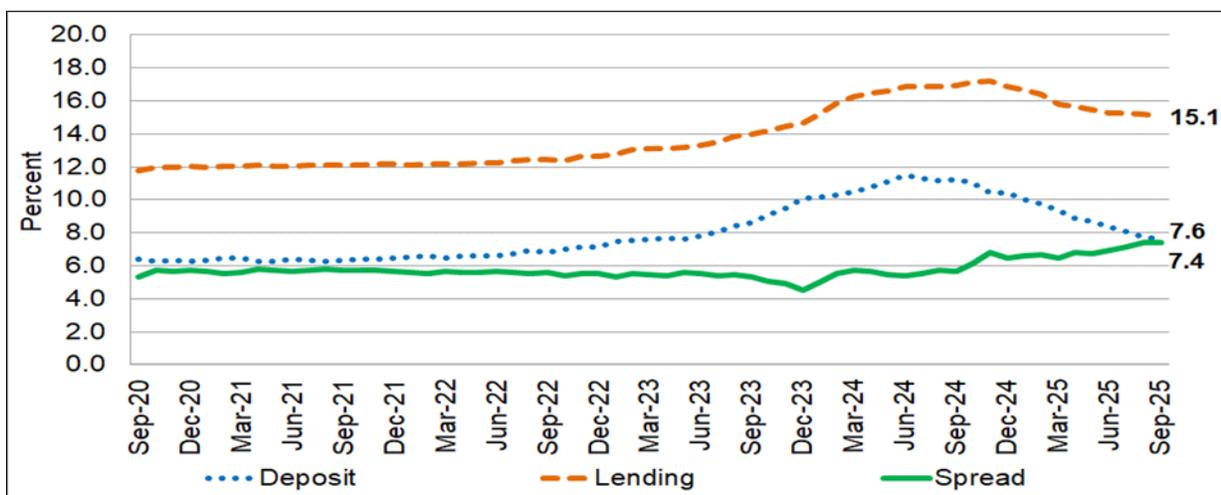
Figure 3: Short Term Interest Rates.



Source: Central Bank of Kenya

Commercial banks average lending and deposit rates decreased in the year to September 2025 in tandem with the easing of the monetary policy. The average lending rate decreased to 15.1 percent in September 2025 from 16.9 percent in September 2024 while the average deposit rate also decreased to 7.6 percent from 11.2 percent over the same period. Consequently, the average interest rate spread increased to 7.4 percent in September 2025 from 5.7 percent in September 2024 (Figure 4).

Figure 4: Commercial Bank Rates.



Source of Data: Central Bank of Kenya

2.5 Monetary and Credit Developments

Broad money supply, M3, grew by 7.0 percent in the year to September 2025 compared to a growth of 1.6 percent in the year to September 2024 (Table 3). The improved growth of M3 was due to an increase in the growth of Net Domestic Assets (NDA) particularly credit to the private sector. The NFA of the banking system slowed down to a growth of 7.9 percent in the year to

September 2025 compared to a growth of 26.1 percent in the year to September 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

Table 3: Money and Credit Developments (12 Months to September 2025, KSh billion)

| | | | | Absolute Change | | Percent Change | |
|---|-------------------|-------------------|-------------------|------------------------|------------------------|------------------------|------------------------|
| | 2023 September | 2024 September | 2025 September | 2023-2024 September | 2024-2025 September | 2023-2024 September | 2024-2025 September |
| COMPONENTS OF M3 | | | | | | | |
| 1. Money supply, M1 (1.1+1.2+1.3) | 2,017.3 | 1,972.8 | 2,321.7 | (44.5) | 348.9 | (2.2) | 17.7 |
| 1.1 currency outside banks (M0) | 267.5 | 268.2 | 292.5 | 0.7 | 24.3 | 0.3 | 9.1 |
| 1.2 Demand deposits | 1,645.2 | 1,603.4 | 1,853.3 | (41.8) | 249.9 | (2.5) | 15.6 |
| 1.3 Other deposits at CBK | 104.6 | 101.1 | 175.9 | (3.5) | 74.8 | (3.3) | 73.9 |
| 2. Money supply, M2 (1+2.1) | 3,898.2 | 4,043.5 | 4,485.6 | 145.3 | 442.1 | 3.7 | 10.9 |
| 2.1 Time and savings deposits | 1,881.0 | 2,070.8 | 2,163.9 | 189.8 | 93.2 | 10.1 | 4.5 |
| Money supply, M3 (2+3.1) | 5,295.9 | 5,381.4 | 5,758.6 | 85.6 | 377.2 | 1.6 | 7.0 |
| 3.1 Foreign currency deposits | 1,397.6 | 1,337.9 | 1,273.0 | (59.7) | (64.9) | (4.3) | (4.9) |
| SOURCES OF M3 | | | | | | | |
| 1. Net foreign assets (1.1+1.2) | 708.5 | 893.3 | 963.9 | 184.8 | 70.6 | 26.1 | 7.9 |
| 1.1 Central Bank | 516.2 | 472.1 | 767.1 | (44.2) | 295.0 | (8.6) | 62.5 |
| 1.2 Banking Institutions | 192.3 | 421.2 | 196.8 | 228.9 | (224.4) | 119.1 | (53.3) |
| 2. Net domestic assets (2.1+2.2) | 4,587.4 | 4,488.2 | 4,794.7 | (99.2) | 306.5 | (2.2) | 6.8 |
| 2.1 Domestic credit (2.1.1+2.1.2+2.1.3) | 6,077.7 | 6,219.0 | 4,160.6 | 141.4 | (2,058.4) | 2.3 | (33.1) |
| 2.1.1 Government (net) | 2,203.4 | 2,346.4 | 129.4 | 143.0 | (2,217.0) | 6.5 | (94.5) |
| 2.1.2 Other public sector | 100.6 | 83.6 | 51.4 | (17.1) | (32.2) | (17.0) | (38.5) |
| 2.1.3 Private sector | 3,773.6 | 3,789.1 | 3,979.8 | 15.4 | 190.8 | 0.4 | 5.0 |
| 2.2 Other assets net | (1,490.3) | (1,730.9) | 634.1 | (240.6) | 2,364.9 | (16.1) | 136.6 |

Source of Data: Central Bank of Kenya

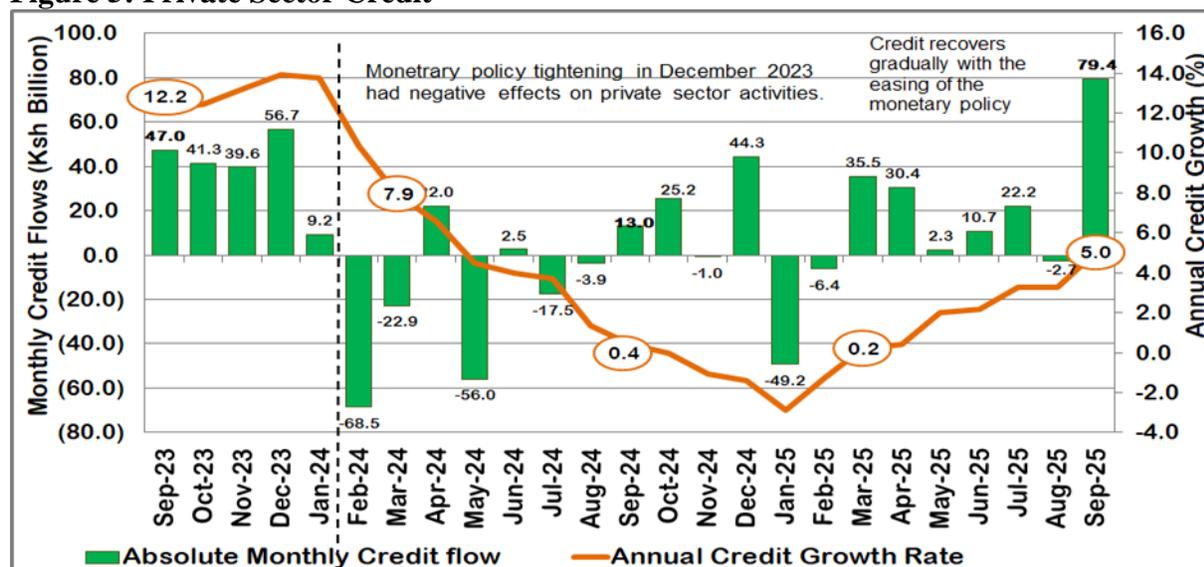
Net Domestic Assets (NDA) grew by 6.8 percent in the year to September 2025, compared to a contraction of 2.2 percent over a similar period in 2024. The domestic credit extended by the banking system to the Government contracted by 94.5 percent in the year to September 2025 compared to a growth of 6.5 percent in the year to September 2024 while lending to other public sectors also contracted by 38.5 percent compared to a contraction of 17.0 percent over the same period. The decline in domestic credit to government in September 2025 was largely attributed to increased uptake of credit by the private sector, as banks shifted their lending portfolios toward more profitable private investments amid lower yields on Treasury bills.

Growth in private sector credit from the banking system recorded a growth of 5.0 percent in the year to September 2025 compared to a growth of 0.4 percent in the year to September 2024. Growth in credit to key sectors of the economy, particularly manufacturing, building and construction, and consumer durables, improved in September. This mainly reflects improved demand for credit in line with the declining lending interest rates.

The Monthly (month on month) credit flows to the private sector improved to KSh 79.4 billion in September 2025 from KSh 13.0 billion in September 2024. This is due to the easing of the monetary policy stance 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.

Figure 5: Private Sector Credit



Source of Data: Central Bank of Kenya

2.6 External Sector Developments

The current account deficit was US\$. 3,459.8 million (2.5 percent of GDP) in September 2025 compared to US\$ 1,819.3 million (1.4 percent of GDP) in September 2024 (Table 4). 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 September 2025 was more than fully financed by financial account inflows.

Table 4: Balance of Payments (USD Million)

| | | | | Year to September 2025 | | Actuals as a Percent of GDP | |
|----------------------------------|-----------|-----------|------------|------------------------|----------------|-----------------------------|--------|
| | Sep-23 | Sep-24 | Sep-25 | Absolute Change | Percent Change | Sep-24 | Sep-25 |
| Overall Balance | 1,063.3 | (392.7) | (2,172.9) | (1,780.2) | (453.3) | (0.3) | (1.6) |
| A) Current Account | (2,522.0) | (1,819.3) | (3,459.8) | (1,640.5) | (90.2) | (1.4) | (2.5) |
| <i>Merchandise Account (a-b)</i> | (9,482.8) | (9,537.8) | (11,428.4) | (1,890.6) | (19.8) | (7.6) | (8.2) |
| a) Goods: exports | 10,820.6 | 12,264.6 | 12,753.2 | 488.6 | 4.0 | 9.8 | 9.1 |
| b) Goods: imports | 20,303.4 | 21,802.4 | 24,181.5 | 2,379.1 | 10.9 | 17.4 | 17.3 |
| <i>Net Services (c-d)</i> | 1,874.6 | 2,178.3 | 2,324.6 | 146.3 | 6.7 | 1.7 | 1.7 |
| c) Services: credit | 7,590.9 | 7,611.8 | 8,188.4 | 576.6 | 7.6 | 6.1 | 5.8 |
| d) Services: debit | 5,716.3 | 5,433.5 | 5,863.8 | 430.3 | 7.9 | 4.3 | 4.2 |
| <i>Net Primary Income (e-f)</i> | (1,899.2) | (1,883.8) | (1,841.9) | 41.9 | 2.2 | (1.5) | (1.3) |
| e) Primary income: credit | 168.8 | 244.6 | 406.3 | 161.7 | 66.1 | 0.2 | 0.3 |
| f) Primary income: debit | 2,068.0 | 2,128.4 | 2,248.2 | 119.8 | 5.6 | 1.7 | 1.6 |
| <i>Net Secondary Income</i> | 6,985.4 | 7,424.0 | 7,485.8 | 61.9 | 0.8 | 5.9 | 5.3 |
| g) Secondary income: credit | 7,068.9 | 7,485.7 | 7,550.1 | 64.3 | 0.9 | 6.0 | 5.4 |
| h) Secondary income: debit | 83.5 | 61.8 | 64.2 | 2.4 | 3.9 | 0.0 | 0.0 |
| B) Capital Account | 144.3 | 142.1 | 262.6 | 120.6 | 84.9 | 0.1 | 0.2 |
| C) Financial Account | (2,023.9) | (1,130.9) | (4,738.3) | (3,607.4) | (319.0) | (0.9) | (3.4) |

Source of Data: Central Bank of Kenya

The balance in the merchandise account deteriorated by US\$ 1,890.6 million to a deficit of US\$ 11,428.4 million in September 2025 mainly due to an increase in import bill that more than offset the increase in exports. Goods exports increased by 4.0 percent, due to higher domestic exports particularly horticulture, coffee, manufactured goods, and apparel. Goods imports rose by 10.9 percent, reflecting increases in intermediate and capital goods imports. Net services receipts increased by 6.7 percent, mainly, supported by increased receipts from transport and travel services. The deficit on the primary account narrowed by US\$ 41.9 million to a deficit of US\$ 1,841.9 million in the year to September 2025, compared to the same period last year. Net Secondary income remained resilient and increased by US\$ 61.9 million during the review period owing to an increase in remittances. Diaspora remittances increased by 7.6 percent to US\$ 5,080 million in the 12 months to September 2025 compared to US\$ 4,723 million in a similar period in 2024. Remittances increased forex inflows into the country, with some going to investment while others support household consumption of our people.

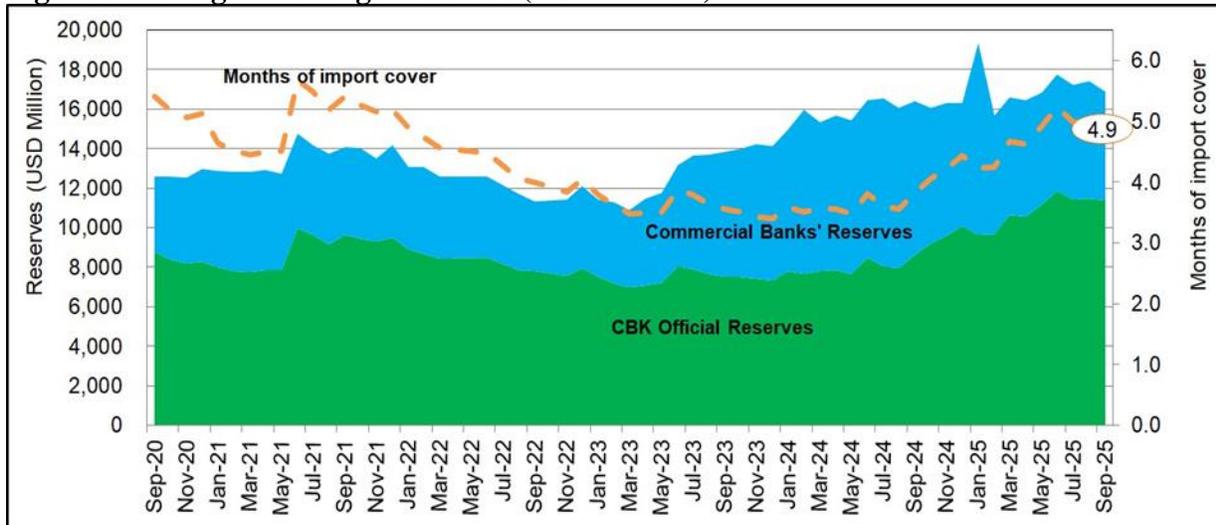
The capital account balance increased by US\$ 120.6 million to register a surplus of US\$262.6 million in September 2025 compared to a surplus of US\$ 142.1 million in the same period in 2024. Net financial inflows improved to US\$ 4,738.3 million in September 2025 compared to US\$ 1,130.9 million in September 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, unattractive demand for high yields from investors amid fiscal strain, low investor appetite for sovereign credit and political-financial instability.

2.7 Foreign Exchange Reserves

The banking system's foreign exchange holdings remained strong at US\$ 16,892.3 million in September 2025 from US\$ 16,391.4 million in September 2024. The official foreign exchange reserves held by the Central Bank stood at US\$ 11,383.6 million compared to US\$ 8,602.6 million over the same period in 2024 (**Figure 6**). Commercial banks foreign exchange holdings decreased to US\$ 5,508.7 million in September 2025 from US\$ 7,788.8 million in September 2024.

The official reserves held by the Central Bank in September 2025 represented 4.9 months of import cover as compared to the 3.8 months of import cover in September 2024. These reserves continue to provide adequate cover and buffer against any short-term shocks in the foreign exchange market. It surpasses the requirement of a minimum requirement of a 4 Months of import cover.

Figure 6: Foreign Exchange Reserves (USD Million)

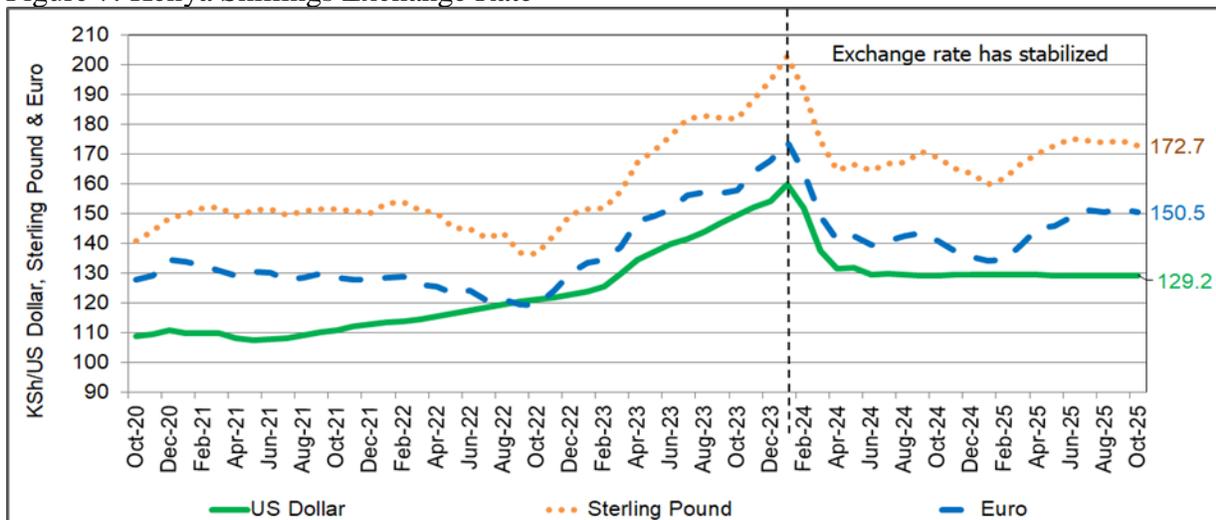


Source of Data: Central Bank of Kenya

2.8 Exchange Rate Developments

The Kenya Shilling remained relatively stable against the US Dollar, exchanging at an average of KSh 129.2 in October 2025, the same as in the corresponding period of the previous year. However, the Shilling depreciated against the Sterling Pound and the Euro by 2.3 percent and 6.8 percent, respectively. The Sterling Pound averaged KSh 172.7 in October 2025, up from KSh 168.8 in in October 2024, while the Euro averaged KSh 150.5 compared to KSh 140.9 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 7**).

Figure 7: Kenya Shillings Exchange Rate

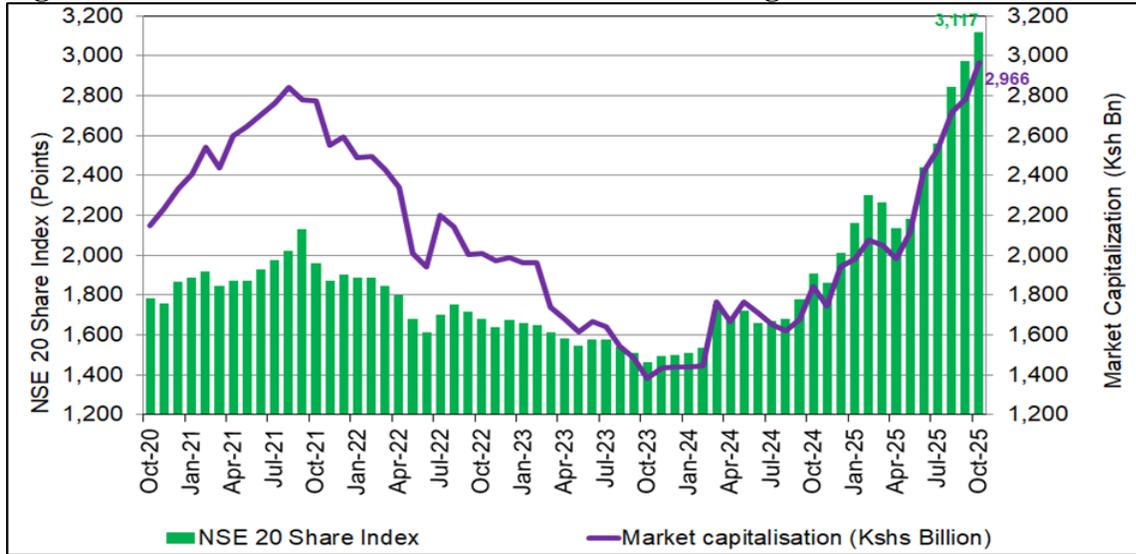


Source of Data: Central Bank of Kenya

2.9 Capital Markets Developments

The stability of the Kenya Shilling against major international currencies, together with improved macroeconomic conditions, has boosted investor confidence. This has driven higher foreign direct investment inflows and increased participation in the Nairobi Securities Exchange (NSE). As a result, the NSE 20 Share Index improved by 63.6 percent to 3,117 points in October 2025, up from 1,906 points in October 2024. Similarly, market capitalization expanded by 61.1 percent to KSh 2,966 billion from KSh 1,841 billion over the same period (**Figure 8**). These levels represent the strongest performance of the NSE since the pre-COVID period, reflecting renewed confidence in Kenya’s economic recovery and long-term prospects.

Figure 8: Performance of the Nairobi Securities Exchange



Source of Data: Nairobi Securities Exchange

2.10 Mandera Gross County Product (GCP)

2.10.1 Contribution to National GDP

The KNBS Gross County Product Report 2025 estimates the County's GCP at KES 88,395 million in 2024, representing 0.6 percent of Kenya's total GDP. This contribution has remained broadly stable over the past five years, with the County averaging a 0.6 percent share of national GDP in current prices, reflecting limited structural change in its economic contribution.

Table 5 below shows the County's GCP estimates over the five-year period.

Table 5: County's GCP estimates over the five-year period.

| Year | Current Prices (Ksh Million) | County Share of GCP |
|-------------|-------------------------------------|----------------------------|
| 2020 | 56,964 | 0.6 |
| 2021 | 63,070 | 0.6 |
| 2022 | 63,667 | 0.5 |
| 2023 | 69,798 | 0.5 |
| 2024 | 88,395 | 0.6 |

Source: Kenya Bureau of Statistics, GCP 2025

CHAPTER THREE: FISCAL PERFORMANCE IN FY 2025/2026 AND EMERGING CHALLENGES

3.1 FISCAL PERFORMANCE OF THE 2024/2025 BUDGET

3.1.1. INTRODUCTION

This Budget Implementation Report is prepared in conformity with Article 228(6) of the Constitution of Kenya, 2010 and Section 39(8) of the Public Finance Management Act, 2012's requirement that counties report on the implementation progress of their budgets. It covers the period July 2025 to December 2025.

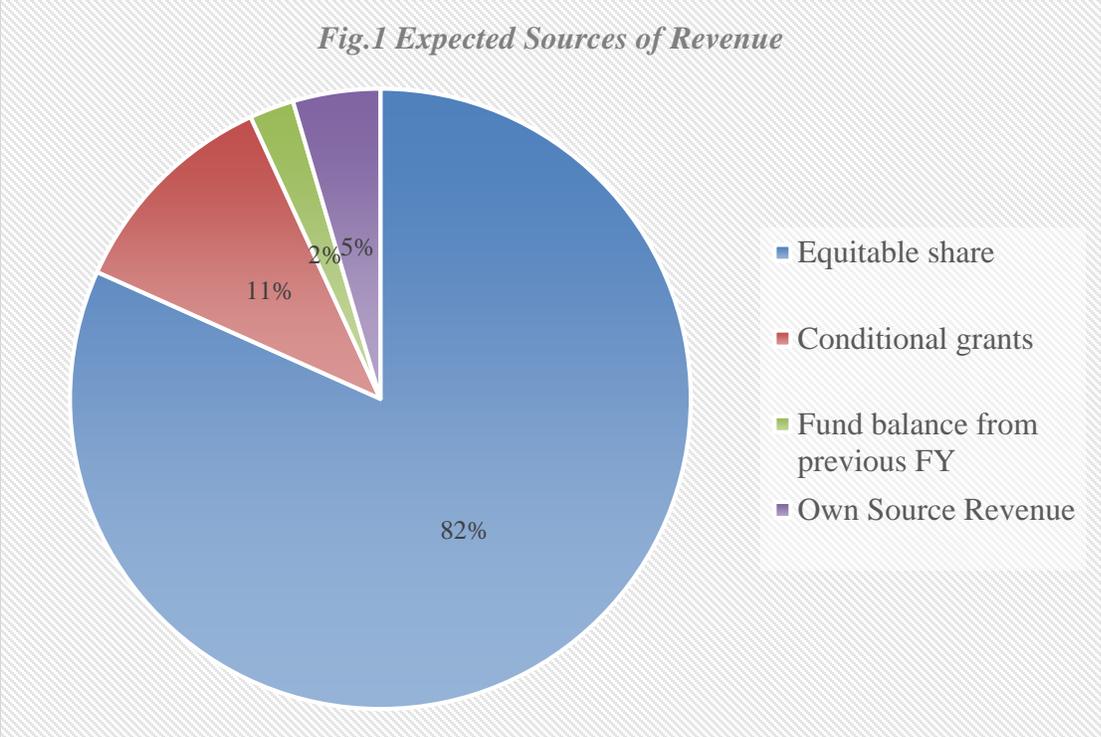
The report presents revenue and expenditure performance by the County Government of Mandera. Revenue is disintegrated by source while expenditure is analyzed by economic classification. It also highlights the County government's activities for the period under review and seeks to objectively review budget implementation in the county by highlighting performance of revenues, transfers received from the National Government and actual expenditure. Key issues that affect budget implementation during the financial year are identified and appropriate recommendations made on how the issues can be addressed to enhance efficiency and effectiveness in budget execution.

Compiled by the Mandera County Treasury after consultation with all the County departments, the report presents the status of budget execution as at 31st December 2025 for internal consumption and performance appraisal purposes. It also offers valuable information to members of the public on budget implementation and the County Assembly, which is bestowed, with the oversight mandate on utilization of public funds.

3.1.2 Budget component

In order to finance the budget, the County expected to receive Kshs. 12,265,064,993 (82 percent) as the equitable share of revenue raised nationally, generate Kshs. 682,525,007 (5 percent) from own sources of revenue, receive Kshs. 1,716,529,671 (11 percent) from various conditional grants, and other revenue (ongoing projects/fund balances carried forward) of Kshs. 347,553,249 (2 percent) from FY 2024/2025.

Figure 1: Expected Sources of Budget Financing in FY 2025/2026



Source: County Treasury, Mandera County Government

The major source of revenue for the County was national sharable revenue making up 82%. Fund balances from the Financial Year 2024/2025 and Conditional grants made up 2% and 11% of the budget respectively while the County’s annual local revenue was expected to finance only 5% of the budget.

3.2 Revenue Performance Analysis

During the first six months of the FY 2025/2026, the County received Kshs. 5,572,245,333 as equitable share of revenue raised nationally and raised Kshs. 177,696,817 from own source revenue.

3.2.1 Own Source Revenue Performance

The County targeted to collect Kshs. 682,525,007 from local sources during the FY 2025/2026. The actual achievement in the first six months of the FY 2025/2026 was Kshs. 177,696,817 which translates to 26% of the targeted collection.

3.2.2 Total Local Revenue Collections for the First Half of FY 2025/2026

The table below summarizes comparisons between targeted local revenue collections in the FY 2025/2026 and what was realized for the period under review.

Table 6:Total Local Revenue Collections for the First Half of FY 2025/2026

| Revenue Sources | Annual Target FY 2024/2025 | Total collections – Quarter Two |
|--|----------------------------|---------------------------------|
| Land rents | 76,640,271 | 12,769,060 |
| Plot Tranfers/Sub-Divisions/Application Fees | 27,590,500 | 9,642,000 |
| Building plan | 3,270,000 | 258,300 |
| Miraa Movements | 9,034,500 | 3,568,000 |
| Single Business Permit | 37,402,728 | 1,694,900 |
| Market Stalls/ Shades | 18,148,637 | 5,245,610 |
| Market Gates/Cess | 1,400,650 | 283,925 |
| Bus park/Taxis/Parking | 1,200,000 | 80,240 |
| Income from Quarries | 1,084,180 | 647,200 |
| Barriers | 25,735,950 | 10,193,766 |
| Livestock Markets Auction | 8,984,555 | 2,272,660 |
| Livestock Movement | 15,416,646 | 6,391,510 |
| Slaughter fees and Charges | 8,924,150 | 2,503,154 |
| Produce Cess | 3,872,037 | 668,970 |
| Agriculture Mechanization/Hire of Equipment | 1,850,196 | 213,000 |
| Rental income | 1,915,000 | 1,179,218 |
| Tender Fees | 45,500,000 | 13,688,504 |
| Public Health | 4,200,000 | 323,500 |
| Fire Service Fees | 2,580,000 | 21,000 |
| Income from Water Management | 65,250,000 | 18,405,486 |
| Sub-Total | 360,000,000 | 90,050,003 |
| HOSPITAL COLLECTIONS-FIF | | |
| Hospital Collections -FIF/SHA | 322,525,007 | 30,978,833 |
| Insurance Claims-Referrals | | 34,770,042 |
| Insurance Claims-Level 2 & 3 | | 21,669,590 |
| Public Health | - | 228,350 |
| Sub-Total | 322,525,007 | 87,646,814 |
| Grand Total | 682,525,007 | 177,696,817 |

Source: Department of revenue services, Mandera County Government

3.2.3 Monthly OSR Performance per Stream

Table 3: Monthly OSR Performance per Stream

The table below shows the monthly revenue collection for the first half of the FY 2025/2026 against the actual total revenue raised during the same period the financial year 2024/2025. The monthly collection breakdown is shown in table that follows.

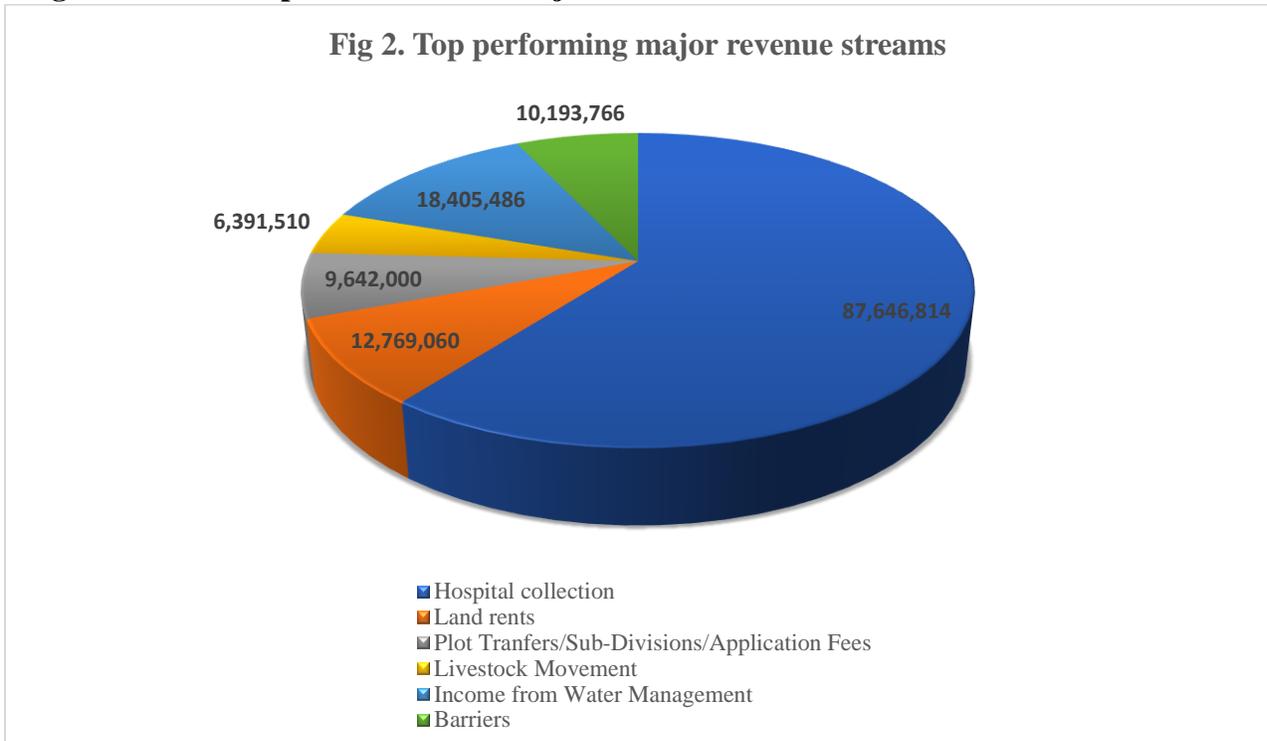
| Revenue Sources | Actual Collections - Q2 2024/2025 | Approved Target 2025/2026 | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Total |
|--|-----------------------------------|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Land rents | 11,815,267 | 76,640,271 | 1,912,250 | 1,864,000 | 2,979,500 | 2,384,110 | 1,988,600 | 1,640,600 | 12,769,060 |
| Plot Tranfers/Sub-Divisions/Application Fees | 6,702,740 | 27,590,500 | 1,291,000 | 1,240,500 | 1,492,000 | 1,328,000 | 1,201,500 | 3,089,000 | 9,642,000 |
| Building plan | 204,700 | 3,270,000 | 15,000 | 23,000 | 12,000 | 48,000 | 67,000 | 93,300 | 258,300 |
| Miraa Movements | 4,286,500 | 9,034,500 | 450,000 | 310,000 | 450,000 | 550,000 | 908,000 | 900,000 | 3,568,000 |
| Single Business Permit | 2,725,240 | 37,402,728 | 611,000 | 183,500 | 414,600 | 139,800 | 155,000 | 191,000 | 1,694,900 |
| Market Stalls/ Shades | 4,442,600 | 18,148,637 | 780,120 | 703,120 | 729,500 | 972,710 | 863,300 | 1,196,860 | 5,245,610 |
| Market Gates/Cess | 413,100 | 1,400,650 | - | - | 67,575 | 56,830 | 54,290 | 105,230 | 283,925 |
| Buspark/Taxis/Parking | 383,330 | 1,200,000 | - | - | 20,790 | 39,560 | 13,990 | 5,900 | 80,240 |
| Income from Quarries | 467,700 | 1,084,180 | 74,200 | 120,300 | 138,700 | 125,100 | 100,600 | 88,300 | 647,200 |
| Barriers | 8,391,490 | 25,735,950 | 1,761,200 | 1,461,731 | 1,867,396 | 1,907,270 | 1,460,306 | 1,735,863 | 10,193,766 |
| Livestock Markets Auction | 3,514,790 | 8,984,555 | 402,360 | 364,600 | 419,650 | 691,250 | 103,500 | 291,300 | 2,272,660 |
| Livestock Movement | 6,442,350 | 15,416,646 | 737,600 | 760,500 | 909,540 | 310,300 | 2,196,590 | 1,476,980 | 6,391,510 |
| Slaughter fees and Charges | 2,763,490 | 8,924,150 | 371,159 | 351,750 | 403,200 | 453,775 | 445,920 | 477,350 | 2,503,154 |
| Produce Cess | 1,206,830 | 3,872,037 | 174,910 | 73,460 | 112,100 | 116,700 | 166,500 | 25,300 | 668,970 |
| Agriculture Mechanization/Hire of Equipments | 118,000 | 1,850,196 | 150,000 | 22,000 | 23,000 | 6,000 | 12,000 | - | 213,000 |
| Rental income | 409,400 | 1,915,000 | 559,618 | - | 367,800 | 125,600 | 126,200 | - | 1,179,218 |
| Tender Fees | 6,458,726 | 45,500,000 | 738,692 | - | - | 6,156,287 | 6,793,525 | - | 13,688,504 |

| | | | | | | | | | |
|-------------------------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Public Health | 343,000 | 4,200,000 | 44,000 | 57,400 | 67,800 | 30,900 | 56,100 | 67,300 | 323,500 |
| Fire Service Fees | 3,000 | 2,580,000 | 7,000 | 5,000 | 9,000 | - | - | - | 21,000 |
| Income from Water Management | 11,981,502 | 65,250,000 | 2,685,942 | 3,293,922 | 3,807,950 | 3,680,383 | 2,227,289 | 2,710,000 | 18,405,486 |
| Grand Total | 73,073,755 | 360,000,000 | 12,766,051 | 10,834,783 | 14,292,101 | 19,122,575 | 18,940,210 | 14,094,283 | 90,050,003 |
| HOSPITAL COLLECTIONS AFTER FIF ACT. | | | | | | | | | |
| Hospital Collections | 7,756,440 | 322,525,007 | 4,306,503 | 3,935,203 | 5,122,016 | 5,960,787 | 5,797,568 | 5,856,756 | 30,978,833 |
| Insurance Claims-Referrals | | | 3,168,526 | 1,407,997 | 2,828,088 | 6,183,060 | 16,399,894 | 4,782,477 | 34,770,042 |
| Insurance Claims-Level 2 & 3 | | | - | 16,731,228 | - | 1,917,574 | 1,247,809 | 1,772,979 | 21,669,590 |
| Public Health | | | 40,900 | 27,800 | 59,800 | 46,500 | 35,700 | 17,650 | 228,350 |
| Sub-Total | 7,756,440 | 322,525,007 | 7,515,929 | 22,102,228 | 8,009,904 | 14,107,921 | 23,480,971 | 12,429,862 | 87,646,814 |
| Grand Total | 80,830,195 | 682,525,007 | 20,281,980 | 32,937,011 | 22,302,005 | 33,230,496 | 42,421,181 | 26,524,145 | 177,696,817 |

Source: Department of Revenue Services, Mandera County Government

During the first half, the highest County Own Source Revenue collection was realized in the month of November 2025 amounting to Kshs. 42,421,181 while the least collection was in the month of July 2025 amounting to Kshs. 20,281,980.

Figure 9: Revenue performance for major sources of revenue



In the period under review, the County’s top performing streams included Hospital collection, Land rents, Plot Transfers, Livestock movement, Income from water management, Tender Fees and Barriers. Notable nosedive in revenue collection was on Public Health, Agriculture Mechanization, Market Gates/Cess, Rental income, Income from Quarries, and Taxis/Parking fees.

3.2.4 Revenue for the half year against target for the period

Table 7: Revenue for the half year against target for the period

| Revenue Sources | Approved Target 2024/2025 | Half Year Target | Half Year Actual Collected | Half Year OSR Variance |
|--|---------------------------|------------------|----------------------------|------------------------|
| Land rents | 76,640,271 | 38,320,135.50 | 12,769,060 | 25,551,075.45 |
| Plot Tranfers/Sub-Divisions/Application Fees | 27,590,500 | 13,795,250.00 | 9,642,000 | 4,153,250.00 |
| Building plan | 3,270,000 | 1,635,000.00 | 258,300 | 1,376,700.00 |
| Miraa Movements | 9,034,500 | 4,517,250.00 | 3,568,000 | 949,250.00 |
| Single Business Permit | 37,402,728 | 18,701,364.00 | 1,694,900 | 17,006,464.00 |
| Market Stalls/ Shades | | | | |

| | | | | |
|--|-------------|----------------|-------------|----------------|
| | 18,148,637 | 9,074,318.50 | 5,245,610 | 3,828,708.50 |
| Market Gates/Cess | 1,400,650 | 700,325.00 | 283,925 | 416,400.00 |
| Bus park/Taxis/Parking | 1,200,000 | 600,000.00 | 80,240 | 519,760.00 |
| Income from Quarries | 1,084,180 | 542,090.00 | 647,200 | (105,110.00) |
| Barriers | 25,735,950 | 12,867,975.00 | 10,193,766 | 2,674,209.00 |
| Livestock Markets Auction | 8,984,555 | 4,492,277.50 | 2,272,660 | 2,219,617.50 |
| Livestock Movement | 15,416,646 | 7,708,323.00 | 6,391,510 | 1,316,813.00 |
| Slaughter fees and Charges | 8,924,150 | 4,462,075.00 | 2,503,154 | 1,958,921.00 |
| Produce Cess | 3,872,037 | 1,936,018.50 | 668,970 | 1,267,048.50 |
| Agriculture Mechanization/Hire of Equipments | 1,850,196 | 925,098.00 | 213,000 | 712,098.00 |
| Rental income | 1,915,000 | 957,500.00 | 1,179,218 | (221,718.00) |
| Tender Fees | 45,500,000 | 22,750,000.00 | 13,688,504 | 9,061,496.00 |
| Public Health under Municipalities | 4,200,000 | 2,100,000.00 | 323,500 | 1,776,500.00 |
| Fire Service Fees | 2,580,000 | 1,290,000.00 | 21,000 | 1,269,000.00 |
| Income from Water Management | 65,250,000 | 32,625,000.00 | 18,405,486 | 14,219,514.00 |
| Hospital Collections (Medical & public health) | 322,525,007 | 161,262,503.50 | 30,978,833 | 130,283,670.50 |
| Sub-Total | 322,525,007 | 161,262,504 | 87,646,814 | 73,615,689 |
| Grand Total | 682,525,007 | 341,262,504 | 177,696,817 | 163,565,686 |

Source: Directorate of Revenue Services, Mandera County

3.2.5 Explanations for the revenue performance

Some revenue sources recorded a positive variance from target, while others performed below expectations. For instance, the impressive growth in income from water management is attributed to the recent designation of the Ministry of Water Services as a revenue receiver, with both municipalities assuming this responsibility last year.

Other streams, such as hospital collections and public health, were impacted by the enactment and implementation of the Mandera County Facility Improvement Financing Act, 2023. The collections were reported as FIF from October 2024 following the operationalization of the FIF.

Additional revenue enhancement efforts are also underway to reduce the negative variance.

The biggest concern is the underperformance in land rates, plot transfers, and building plans despite the county putting in place intense enforcement mechanisms including automation.

Overall, the county's half year collection is impressive when compared with the previous fiscal years. For instance, the collections for the first six months of the FY 2025/2026 surpassed the collections for a similar period in the financial year 2024/2025 by a whopping Kshs. 96.8 million.

3.2.6 Recommended Revenue Enhancement Strategies

- **Targeted Public Awareness and Engagement:** Educating stakeholders on their obligations and the benefits of timely payments, such as improved local services. Clear, accessible information can encourage voluntary compliance and build community support.
- **Revenue Collection Targets and Incentives:** Setting specific, achievable targets for collection agents and introducing incentives for meeting or exceeding goals, will improve motivation and accountability.
- **Policy and Regulatory Improvements:** Reviewing and streamlining regulations governing these revenue streams to eliminate complex, outdated procedures that hinder collection. Additionally, setting up penalties for non-compliance will encourage prompt payment.
- **Data-Driven Decision Making:** Collecting and analyzing data on peak times, locations, and patterns to optimize staffing, adjust rates, and ensure that collection mechanisms are tailored to specific revenue streams.
- Enforce more compliance efforts
- Improve or advance the automation system/measures
- Boosting security in collaboration with the national government

3.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs. 5,488,560,905 from the County Revenue Fund (CRF) account during the reporting period. This comprised Kshs. 1,655,323,385 for development programmes and Kshs. 3,564,027,365 for recurrent programmes. The recurrent exchequers released in the first six months of FY 2025/26 comprised Kshs. 2,023,017,739 released towards employee compensation and Kshs. 1,541,009,626 for operations and maintenance expenditure.

3.4 Conditional Grants

The County did not receive any Conditional Grants during the reporting period.

3.5 Revenue Performance by Source

During the first half of FY 2025/26, total revenues amounting to Kshs. 5,749,942,150 was available to the County. The total revenue consisted of Kshs. 5,090,001,974 from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs. 134,690,110, as well as own-source revenue (OSR) collection of Kshs. 177,696,817. Additionally, the County had a cash balance of Kshs. 347,553,249 from FY 2024/25.

The total OSR collection of Kshs.177.7 million included Facilities Improvement Financing (FIF) of Kshs. 87,646,814, and Kshs. 90,050,003 from other OSR sources.

Table 8: Revenue Performance by Source (July 2025- December 2025)

| Revenue Stream | Annual Targeted Revenue (Kshs.) | Actual Revenue (Kshs.) | Variance (Kshs.) |
|--|---------------------------------|------------------------|------------------|
| | B | C | D=B-C |
| Equitable share | 12,265,064,993 | 5,090,001,974 | 7,175,063,019 |
| Own Source Revenue Projections | 360,000,000 | 90,050,003 | 269,949,997 |
| Facility Improvement Financing (FIF) | 322,525,007 | 87,646,814 | 234,878,193 |
| On-Going Projects funds b/f from previous year | 347,553,249 | 347,553,249 | - |
| Allocation for Mineral royalties | 1,028 | - | 1,028 |
| DANIDA Grant - Primary Health Care | 16,473,000 | - | 16,473,000 |
| DANIDA Grant - Primary Health Care for FY 2023/2024 (Not received) | 18,653,250 | - | 18,653,250 |
| DANIDA Grant - Primary Health Care (B/f) | 15,746,250 | 15,746,250 | - |
| Community Health Promoters Program | 18,540,000 | - | 18,540,000 |
| Kenya Agricultural Business Development Project | 10,918,919 | - | 10,918,919 |
| Kenya Urban Support Project (KUSP) – UDG | 142,013,441 | - | 142,013,441 |
| Food Systems Resilience Project - (FSRP) | 246,153,846 | - | 246,153,846 |
| FSRP b/f | 70,127,131 | - | 70,127,131 |

| | | | |
|--|-----------------------|----------------------|----------------------|
| FLOCCA County Climate Institutional Support Grant | 11,000,000 | - | 11,000,000 |
| FLOCCA CCIR Grant FY 2023/2024 Allocations B/f (Amount in SPA) | 16,507,427 | 16,507,428 | (1) |
| FLOCCA CCIR Grant FY 2023/2024 and fy 2024/25 Allocations | 227,938,965 | - | 227,938,965 |
| Conditional Grant for Aggregated Industrial Parks Programme | 250,000,000 | - | 250,000,000 |
| Kenya Devolution Support Programme 2 (KDSP II) Level 2 grant | 352,500,000 | - | 352,500,000 |
| Kenya Devolution Support Programme 2 (KDSP II) | 37,500,000 | - | 37,500,000 |
| Roads Maintenance Fuel Levy | 192,647,255 | 70,127,132 | 122,520,123 |
| Kenya Urban Support Project (KUSP) – UIG | 35,000,000 | | 35,000,000 |
| Kenya Urban Support Project (KUSP) - UIG b/f | 35,000,000 | 32,309,300 | 2,690,700 |
| Basic Salary Arrears for County Governments Health Workers | 19,809,159 | - | 19,809,159 |
| TOTAL | 15,011,672,920 | 5,749,942,150 | 9,261,730,770 |

Source: County Treasury, Mandera County Government

An analysis of the table indicates that the County generated a total of Kshs. 177,696,817 from own revenue sources in the first six months of the FY 2025/2026. This amount represented an increase of Kshs. 96,866,622 compared to Kshs. 80,830,195 realized in the first six months of the FY 2024/2025.

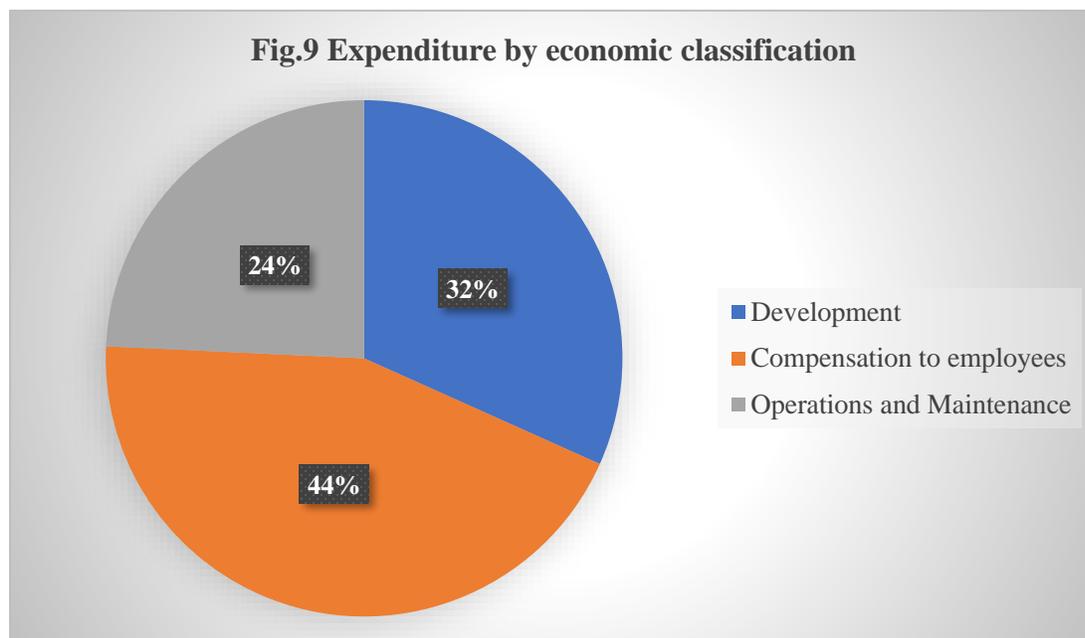
3.6 Overall Expenditure Analysis

The County spent Kshs. 5,219,350,750 on development and recurrent programmes in the reporting period. The expenditure comprised of Kshs. 1,655,323,385 and Kshs. 3,564,027,365 on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 30 per cent, while recurrent expenditure represented 37 per cent of the annual recurrent expenditure budget.

3.6.1 Expenditure by Economic Classification

Out of the total expenditures, the expenditures on compensation to employees amounted to 44%, whereas the use of goods expenditures amounted to 24%. A total of Kshs. 1,655,323,385 was incurred on development expenditures during the period representing 32% of the total expenditure

Figure 3: Expenditure by Economic Classification



3.7 Budget and Budget Performance by County Departments

3.7.1 Budget estimates

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 2025/2026 the County Departments were funded in line with the ceilings captured in the 2025 County Fiscal Strategy Paper drawn to champion key priority programmes highlighted in the third Mandera County Integrated Development Plan (2023-2027).

Table 9 shows the breakdown of county’s budget per ministry in FY 2025/2026.

Table 9: Resource allocation among the ministries

| Approved Estimates FY 2025/26 | | | | |
|--------------------------------------|-----------------------|-------------------------|-------------------------------|---------------------------|
| Departments | Recurrent Expenditure | Development Expenditure | Total Departmental Allocation | Percentage per Department |
| Agriculture, Livestock and Fisheries | 286,099,217 | 572,290,531 | 858,389,748 | 6% |
| Land and Urban Development | 213,693,940 | 729,814,961 | 943,508,901 | 6% |
| Roads, Public Works and Transport | 237,107,953 | 558,435,355 | 795,543,308 | 5% |

| | | | | |
|--|----------------------|----------------------|-----------------------|------|
| Trade and Cooperative Development | 80,832,237 | 323,539,780 | 404,372,017 | 3% |
| Health Services | 2,736,848,001 | 362,317,243 | 3,099,165,244 | 21% |
| Education and Human Capital Development | 1,124,704,757 | 248,299,808 | 1,373,004,565 | 9% |
| County Executive Services | 521,004,376 | - | 521,004,376 | 3% |
| Office of the County Secretary | 134,034,068 | 427,728,165 | 561,762,233 | 4% |
| Office of the County Attorney | 91,500,000 | - | 91,500,000 | 1% |
| County Public Service Board | 57,510,911 | 5,000,000 | 62,510,911 | 0.4% |
| County Assembly | 917,936,058 | 50,000,000 | 967,936,058 | 6% |
| Finance and Economic Planning | 439,597,429 | 22,800,000 | 462,397,429 | 3% |
| County Public Service Management | 1,996,690,090 | 6,000,000 | 2,002,690,090 | 13% |
| Social Development | 388,346,459 | 166,961,849 | 555,308,308 | 4% |
| Water , Energy, Environment and Climate Change | 345,024,297 | 1,967,555,435 | 2,312,579,732 | 15% |
| GRAND TOTAL | 9,570,929,793 | 5,440,743,127 | 15,011,672,920 | |

Source: County Treasury, Mandera County Government

The highest beneficiary of the FY 2025/2026 budget allocation was the Ministry of Health Services getting Kshs 3,099,165,244 (21 percent), Ministry of Water, Environment and Natural Resources getting Kshs 2,312,579,732 (15 percent), Ministry of Public Service Management got Kshs. 2,002,690,090 (13 percent), Ministry of Education and Human Capital Development were allocated Kshs 1,373,004,565 (9 percent), while the Ministry of Agriculture, Livestock and Fisheries, and County Assembly got Kshs. 943,508,901 (6 percent) and Kshs. 967,936,058 (6 percent) respectively. Other departments were allocated 6 percent and below.

3.8 Departmental Expenditure Analysis (Against Annual Target)

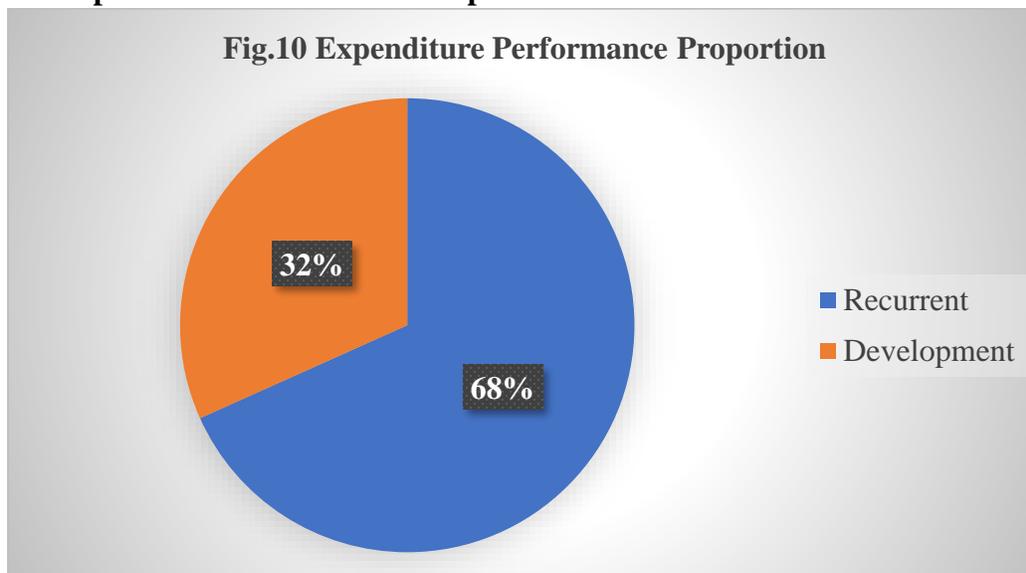
During the period under review, the County Government incurred an expenditure of Kshs. 3,564,027,365 on recurrent expenditure and Kshs. 1,655,323,385 on the development vote as tabulated below.

Table 7: Total Expenditure Analysis

| Departments | Approved Estimates FY 2025/26 | Recurrent Expenditure | Development Expenditure | Total Expenditure |
|---|--------------------------------------|------------------------------|--------------------------------|--------------------------|
| Agriculture, Livestock and Fisheries | 858,389,748 | 113,865,824.85 | 46,162,787.00 | 160,028,611.85 |
| Land and Urban Development | 943,508,901 | 417,961,383.15 | 65,400,285.00 | 483,361,668.15 |
| Roads, Public Works and Transport | 795,543,308 | 158,683,930.00 | 69,777,418.00 | 228,461,348.00 |
| Trade and Cooperative Development | 404,372,017 | 154,224,183.20 | 799,408.00 | 155,023,591.20 |
| Health Services | 3,099,165,244 | 1,208,358,296.95 | 109,682,411.00 | 1,318,040,707.95 |
| Education and Human Capital Development | 1,373,004,565 | 20,671,748.00 | 14,963,816.00 | 35,635,564.00 |
| County Executive Services | 521,004,376 | - | - | - |
| Office of the County Secretary | 561,762,233 | 29,559,858.80 | 257,514,593.00 | 287,074,451.80 |
| Office of the County Attorney | 91,500,000 | 210,554,902.45 | - | 210,554,902.45 |
| County Public Service Board | 62,510,911 | 25,267,018.00 | 14,000,000.00 | 39,267,018.00 |
| County Assembly | 967,936,058 | 24,486,632.00 | - | 24,486,632.00 |
| Finance and Economic Planning | 462,397,429 | 23,912,998.00 | - | 23,912,998.00 |
| County Public Service Management | 2,002,690,090 | 902,721,913.00 | - | 902,721,913.00 |
| Social Development | 555,308,308 | 135,858,839.15 | 174,770,181.00 | 310,629,020.15 |
| Water, Energy, Environment and Climate Change | 2,312,579,732 | 137,899,837.45 | 902,252,486.00 | 1,040,152,323.45 |
| GRAND TOTAL | 15,011,672,920 | 3,564,027,365.00 | 1,655,323,385.00 | 5,219,350,750.00 |

Source: County Treasury, Mandera County Government

3.8 Expenditure Performance Proportion



Source: Mandera County Treasury

3.8.1 Development expenditure performance by departments

An expenditure amounting to Kshs. 1,655,323,385.00 representing 30% of the development budget was incurred on the development vote during the period under review. The Ministry of Water, Energy, Environment and Climate Change recorded the highest overall absorption rate at 46% followed by the Ministry of Social Development at 42%. The Ministry of Lands and Urban Development at and the Ministry of Roads, Transport and Public Works were third and fourth highest absorbers at 35% and 31% respectively.

The following factors were responsible for low absorption rate during the period under review;

- Late fund releases
- Slow fund request approvals
- Late budget approval
- Technical challenges in application of IFMIS
- Poor network connectivity

The table 10 analyses Development expenditure performance by ministries.

Table 10: Development Expenditure Analysis

| Department | Development Expenditure | Development Expenditure | Percentage of performance |
|--|-------------------------|-------------------------|---------------------------|
| Ministry of Agriculture, Livestock and Fisheries | 572,290,531.00 | 46,162,787.00 | 8% |
| Ministry of Education and Human Capital Development | 248,299,808.00 | 65,400,285.00 | 26% |
| Ministry of Social Development | 166,961,849.00 | 69,777,418.00 | 42% |
| Ministry of Finance and Economic Planning | 22,800,000.00 | 799,408.00 | 4% |
| Ministry of Health Services | 362,317,243.00 | 109,682,411.00 | 30% |
| Ministry of Trade and Cooperative Development | 323,539,780.00 | 14,963,816.00 | 5% |
| County Assembly | 50,000,000.00 | - | 0% |
| Ministry of Lands and Urban Development | 729,814,961.00 | 257,514,593.00 | 35% |
| County Executive Services | - | - | 0% |
| Office of the County Secretary | 427,728,165.00 | 14,000,000.00 | 3% |
| Office of the County Attorney | - | - | 0% |
| County Public Service Board | 5,000,000.00 | - | 0% |
| Ministry of Public Service Management, Devolved Units and Community Cohesion | 6,000,000.00 | - | 0% |
| Ministry of Roads, Transport and Public Works | 558,435,355.00 | 174,770,181.00 | 31% |
| Ministry of Water, Energy, Environment and Climate Change | 1,967,555,435.00 | 902,252,486.00 | 46% |
| GRAND TOTAL | 5,440,743,127.00 | 1,655,323,385.00 | 30% |

Source: County Treasury, Mandera County Government

3.8.2 Recurrent expenditure performance by departments

The County performed well in the execution of the recurrent budget in the first half of the FY 2024/2025. The County had a total recurrent budget of Kshs. 8,948,800,284. An expenditure of Kshs. 3,624,334,361 representing 41% of the recurrent vote was utilized during first six months of the financial year.

The Ministry of Education and Human Capital Development recorded the highest overall absorption rate at 56% followed by the Ministry of Roads, Transport and Public Works at 50%. These were followed by the County Executive Services and the County Public Service Board at 47% each.

Other Ministries recorded an absorption of less than 45% with the Office of the County Secretary and Ministry of Agriculture, Livestock and Fisheries the lowest spenders of recurrent budget in the first half at an absorption rate of 36% and 35% respectively. Overall, the recurrent vote performed better than the development vote.

The following factors were responsible for low absorption rate;

- Late budget approval
- Delay in fund disbursements from the National Government
- Delays in approval of fund requests
- Technical challenges in application of IFMIS
- Poor network connectivity

The table 11 analyses recurrent expenditure performance by ministries.

Table 11: Recurrent Expenditure Analysis

| Department | Recurrent Expenditure | Recurrent Expenditure | Percentage of absorption |
|--|-----------------------|-----------------------|--------------------------|
| Ministry of Agriculture, Livestock and Fisheries | 286,099,217.00 | 113,865,824.85 | 40% |
| Ministry of Education and Human Capital Development | 1,124,704,757.00 | 417,961,383.15 | 37% |
| Ministry of Social Development | 388,346,459.00 | 158,683,930.00 | 41% |
| Ministry of Finance and Economic Planning | 439,597,429.00 | 154,224,183.20 | 35% |
| Ministry of Health Services | 2,736,848,001.00 | 1,208,358,296.95 | 44% |
| Ministry of Trade and Cooperative Development | 80,832,237.00 | 20,671,748.00 | 26% |
| County Assembly | 917,936,058.00 | 0 | 0% |
| Ministry of Lands and Urban Development | 213,693,940.00 | 29,559,858.80 | 14% |
| County Executive Services | 521,004,376.00 | 210,554,902.45 | 40% |
| Office of the County Secretary | 134,034,068.00 | 25,267,018.00 | 19% |
| Office of the County Attorney | 91,500,000.00 | 24,486,632.00 | 27% |
| County Public Service Board | 57,510,911.00 | 23,912,998.00 | 42% |
| Ministry of Public Service Management, Devolved Units and Community Cohesion | 1,996,690,090.00 | 902,721,913.00 | 45% |
| Ministry of Roads, Transport and Public Works | 237,107,953.00 | 135,858,839.15 | 57% |
| Ministry of Water, Energy, Environment and Climate Change | 345,024,297.00 | 137,899,837.45 | 40% |
| GRAND TOTAL | 9,570,929,793 | 3,564,027,365 | 37% |

Source: County Treasury, Mandera County Government

3.8.3 Budget Execution by Programmes and Sub-Programmes

Table 12 shows a summary of the budget execution by programmes and sub-programmes between July 2025 to December 2025 of FY 2025/2026.

| Programme | Sub-Programme | Gross Approved Estimates FY 2025/26 (Kshs.) | | Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.) | | Absorption Rate (%) | |
|---|---|---|--------------------|--|--------------------|---------------------|-------------|
| | | Recurrent | Development | Recurrent | Development | Recurrent | Development |
| Agriculture, Livestock and Fisheries | | | | | | | |
| General Administration & Support Services | General Administration & Support Services | 158,423,134 | - | 57,576,393 | - | 36% | 0% |
| Livestock Resources Management and Development | Livestock Resources Management and Development | 51,000,000 | 103,923,885 | 33,426,161 | 29,152,787 | 66% | 28% |
| Food Security and Sustainable Agriculture | Crop Management and Development | 36,300,000 | 408,366,646 | 18,105,990 | 4,460,000 | 50% | 1% |
| Irrigation Development and Management | Irrigation Development and Management | 40,376,083 | 60,000,000 | 4,757,281 | 12,550,000 | 12% | 21% |
| | Sub Total | 286,099,217 | 572,290,531 | 113,865,825 | 46,162,787 | 40% | 8% |
| Land and Urban Development | | | | | | | |
| General Administration & Support Services | General Administration & Support Services | 65,159,061 | - | 26,262,459 | - | 40% | 0% |
| Land Use Planning and Survey | Land Use Planning and Survey | 14,550,000 | 27,301,520 | 1,500,000 | 13,570,279 | 10% | 50% |
| Physical Planning housing and urban development | Physical Planning housing and urban development | 2,700,000 | 702,513,441 | 1,150,000 | 243,944,314 | 43% | 35% |
| Solid Waste Management | Solid Waste Management | 131,284,879 | - | 647,400 | - | 0% | 0% |
| | Sub-Total | 213,693,940 | 729,814,961 | 29,559,859 | 257,514,593 | 14% | 35% |
| Roads, Public Works and Transport | | | | | | | |
| General Administration & Support Services | General Administration & Support Services | 150,923,002 | - | 58,910,839 | - | 39% | 0% |

| | | | | | | | |
|--|--|----------------------|--------------------|----------------------|--------------------|------------|------------|
| Road And Air Transport Infrastructure Development | Road And Air Transport Infrastructure Development | 78,684,951 | 479,744,964 | 74,718,000 | 155,232,260 | 95% | 32% |
| Public Works Management | Public Works Management | 7,500,000 | 78,690,391 | 2,230,000 | 19,537,921 | 30% | 25% |
| | Sub-Total | 237,107,953 | 558,435,355 | 135,858,839 | 174,770,181 | 57% | 31% |
| Trade and Cooperative Development | | | | | | | |
| General Administration and Planning | General Administration and Planning | 47,132,237 | - | 17,921,748 | - | 38% | 0% |
| Cooperative Development and Promotion | Cooperative Development and Promotion | 25,200,000 | 25,000,000 | 1,332,288 | - | 5% | 0% |
| Trade Development and Promotion | Trade Development and Promotion | 8,500,000 | 298,539,780 | 1,417,712 | 14,963,816 | 17% | 5% |
| | Sub-Total | 80,832,237 | 323,539,780 | 20,671,748 | 14,963,816 | 26% | 5% |
| Health Services | | | | | | | |
| General Administration and Planning | General Administration and Planning | 1,855,418,494 | - | 713,888,002 | - | 38% | 0% |
| Preventive, Promotive and Reproductive Health Services | Preventive, Promotive and Reproductive Health Services | 193,404,500 | 147,059,949 | 20,620,000 | 96,144,485 | 11% | 65% |
| Curative Rehabilitative and Referral Services | Curative Rehabilitative and Referral Services | 688,025,007 | 215,257,294 | 473,850,295 | 13,537,926 | 69% | 6% |
| | Sub-Total | 2,736,848,001 | 362,317,243 | 1,208,358,297 | 109,682,411 | 44% | 30% |
| Education and Human Capital Development | | | | | | | |
| General Administration and Planning | General Administration and Planning | 1,035,954,757 | - | 376,819,462 | | 36% | 0% |
| Early Childhood Education | Early Childhood Education | 66,750,000 | 178,249,914 | 24,658,818 | 60,400,285 | 37% | 34% |
| Vocational and Technical Training Services | Vocational and Technical Training Services | 18,500,000 | 70,049,894 | 15,783,104 | 5,000,000 | 85% | 7% |
| Education Support Services | Education Support Services | 3,500,000 | - | 700,000 | - | 20% | 0% |
| | Sub-Total | 1,124,704,757 | 248,299,808 | 417,961,383 | 65,400,285 | 37% | 26% |
| County Executive Services | | | | | | | |

| | | | | | | | |
|---|--|--------------------|--------------------|--------------------|-------------------|------------|-----------|
| Management of County Affairs | General Administration and Planning | 521,004,376 | - | 210,554,902 | - | 40% | 0% |
| | Sub-Total | 521,004,376 | - | 210,554,902 | - | 40% | 0% |
| Office of the County Secretary | | | | | | | |
| Policy, Leadership and Executive Coordination | Leadership and executive coordination | 134,034,068 | 427,728,165 | 25,267,018 | 14,000,000 | 19% | 3% |
| | Sub-Total | 134,034,068 | 427,728,165 | 25,267,018 | 14,000,000 | 19% | 3% |
| Office of the County Attorney | | | | | | | |
| Legal and Public Sector Advisory Services | Legal and advisory services | 91,500,000 | - | 24,486,632 | - | 27% | 0% |
| | Sub-Total | 91,500,000 | - | 24,486,632 | - | 27% | 0% |
| County Public Service Board | | | | | | | |
| Ethics, Governance and Public Service Values | Ethics, Governance and Public Service Values | 57,510,911 | 5,000,000 | 23,912,998 | - | 19% | 0% |
| | Sub-Total | 57,510,911 | 5,000,000 | 23,912,998 | - | 19% | 0% |
| County Assembly | | | | | | | |
| Legislation and Representation | Legislation and Representation | 917,936,058 | 50,000,000 | - | - | 0% | 0% |
| | Sub-Total | 917,936,058 | 50,000,000 | - | - | - | - |
| Finance and Economic Planning | | | | | | | |
| General Administration and Planning | Administration Planning | 310,949,429 | - | 125,129,641 | - | 40% | 0% |
| Public Finance Management | Accounting Services | 6,500,000 | 8,000,000 | 2,300,000 | - | 35% | 0% |
| | Financial Services and Report | 2,500,000 | - | 500,000 | - | 20% | 0% |
| | Internal Audit Services | 2,300,000 | - | 299,200 | - | 13% | 0% |
| | Supply Chain Management Affairs | 6,500,000 | - | 3,600,982 | - | 55% | 0% |

| | | | | | | | |
|--|--|----------------------|--------------------|--------------------|-------------------|------------|------------|
| | County Asset Management system | 2,500,000 | - | 500,000 | - | 20% | 0% |
| Economic Planning and Statistics | County Economic Planning and Statistics | 30,500,000 | - | 4,717,160 | - | 15% | 0% |
| Revenue Collection and Enhancement | Revenue Collection and Enhancement | 64,748,000 | 10,000,000 | 16,327,200 | 799,408 | 25% | 8% |
| ICT and E-Government Services | ICT and E-Government Services | 13,100,000 | 4,800,000 | 850,000 | - | 6% | 0% |
| | Sub-Total | 439,597,429 | 22,800,000 | 154,224,183 | 799,408 | 35% | 4% |
| Public Service Management | | | | | | | |
| General Administration and Planning | Administration Planning | 1,975,390,090 | - | 891,118,713 | - | 45% | 0% |
| Devolved Governance and Enforcement Services | Devolved Governance and Enforcement Services | - | 6,000,000 | - | - | 0% | 0% |
| Civic Education and Public Participation | Civic Education and Public Participation | - | - | - | - | 0% | 0% |
| De-Radicalization and Countering Violence | De-Radicalization and Countering Violence | - | - | - | - | 0% | 0% |
| Community Cohesion and Conflict Management | Community Cohesion and Conflict Management | 21,300,000 | - | 11,603,200 | - | 54% | 0% |
| | Sub-Total | 1,996,690,090 | 6,000,000 | 902,721,913 | - | 14% | 0% |
| Social Development | | | | | | | |
| General Administration and Planning | Administration Planning | 54,517,376 | - | 23,383,930 | - | 43% | 0% |
| Women Empowerment and Affirmative Action | Women Empowerment and Affirmative Action | 4,200,000 | 8,000,000 | 1,250,000 | - | 30% | 0% |
| Youth Empowerment and Sports | Youth Empowerment and Sports | 7,500,000 | 60,961,970 | 6,150,000 | 24,827,418 | 82% | 41% |
| Culture and Gender Development promotion | Culture and Gender Development promotion | 4,350,000 | 5,000,000 | 1,100,000 | - | 25% | 0% |
| Disaster Preparedness and Management | Disaster Preparedness and Management | 317,779,083 | 92,999,879 | 126,800,000 | 44,950,000 | 40% | 48% |
| | Sub-Total | 388,346,459 | 166,961,849 | 158,683,930 | 69,777,418 | 41% | 42% |

| Water , Energy, Environment and Climate Change | | | | | | | |
|---|--------------------------------|----------------------|----------------------|----------------------|----------------------|------------|------------|
| General Administration and Planning | Administration Planning | 192,724,297 | - | 74,566,194 | - | 39% | 0% |
| Water and Sewerage Management | Water and Sewerage Management | 99,500,000 | 1,535,269,043 | 60,833,643 | 875,015,059 | 61% | 57% |
| Energy and Natural Resources | Energy and Natural Resources | 28,000,000 | 58,840,000 | 1,000,000 | 10,730,000 | 4% | 18% |
| Environment and Climate Change | Environment and Climate Change | 24,800,000 | 373,446,392 | 1,500,000 | 16,507,427 | 6% | 4% |
| | Sub-Total | 345,024,297 | 1,967,555,435 | 137,899,837 | 902,252,486 | 40% | 46% |
| Grand Total | | 9,570,929,793 | 5,440,743,127 | 3,564,027,365 | 1,655,323,385 | 37% | 30% |

Source: County Treasury, Mandera County Government

The Sub-programmes with the highest levels of implementation based on absorption rates included Food Security and Sustainable Agriculture at 66%, General Administration in the Department of Education at 59 per cent and Road & Air Transport Infrastructure Development at 255 per cent per cent of recurrent budget allocation.

3.8.4 Expenditure on Employees' Compensation

The expenditure on employee compensation was Kshs. 2,298,017,739. This expenditure included payment of salaries for the months of May and June of the Financial Year 2024/2025 which was made in the current reporting period due to delays in disbursement of June 2025 tranche by the National Treasury.

3.8.5 Settlement of Pending Bills

The County had a pending bills amounting to Kshs. 1.38 billion at the end of the reporting period.

Table 12: Major Development Projects to be implemented

| No. | Sector | Project Name | Project Location | Expected Completion Date | Budget Allocation (Kshs) | Amount paid in FY 2025/26 (Kshs.) | Cumulative Expenditure as of 30 September 2025 | Implementation status (%) |
|--------------|---------------------------|---|-------------------------|--------------------------|--------------------------|-----------------------------------|--|---------------------------|
| 1 | Lands & Urban Development | Grant to Municipalities | Mandera & Elwak | Ongoing | 485,000,000 | 133,000,000 | 133,000,000 | 27 |
| 2 | Water & Environment | Grant to the Semi-Autonomous water Companies | Mandera, Takaba & Elwak | Ongoing | 240,000,000 | 23,800,000 | 23,800,000 | 10 |
| 3 | Water and Environment | Rehabilitation of Fino, Damasa and Arabia water Supplies | Arabia | 30th September 2025 | 20,000,000 | 20,000,000 | 20,000,000 | 100 |
| 4 | Water and Environment | Rehabilitation of alungu bh1, lafey bh2, bida bh and arges awara bh | Lafey | 30th September 2025 | 16,102,200 | 16,102,200 | 16,102,200 | 100 |
| 5 | Water and Environment | Rehabilitation of kubi and olla boreholes | Mandera East | 30th September 2025 | 11,498,523 | 11,498,523 | 11,498,523 | 100 |
| 6 | Lands & Urban Development | Installation of solar street light at Aresa | Aresa | 31st October 2025 | 2,000,000 | 1,850,000 | 1,850,000 | 93 |
| 7 | Health Services | Rehabilitation of gojo dispensary | Gojo | 31st October 2025 | 2,000,000 | 2,000,000 | 2,000,000 | 100 |
| Total | | | | | 776,600,723 | 208,250,723 | 208,250,723 | |

3.9 SECTOR ACHIEVEMENTS

3.9.1 HEALTH SERVICES

The sector has managed to operationalize 3 health facilities' maternity wings and increased the number of women who attended the 4th ANC clinics by 35%.

The proportion of children under 5 years screened for severe malnutrition has increased by 8.7% while the number of public health facilities providing immunization services increased by 41%.

Immunization services have improved during the period under review whereby the percentage of children under one year who were fully immunized increased by 8.3%.

Training of critical care staffs on Emergency obstetric care increased by 100% during this period compared to the previous period.

The No. of food premises inspected and have met the minimum public health standards increased from 16,000 to 31,639 which translates to an increase by 97.7%.

Three (3) NTD treatment units were established and operationalized in county and sub-county hospitals which is a 200% increase compared to the target.

Recognizing health as a critical service area, there has been substantial investment in order to improve access to quality healthcare services and enhance the overall health and wellbeing of the population in the following critical areas:

The sector was able to purchase 350 new hospital beds compared to 50 beds during the previous period while the number of fully functional ambulances increased by 18%.

Number of public health facilities receiving adequate stocks (with no stock outs) increased from 100 to 109 which is an increase of 9%.

The Percentage of public health facilities offering laboratory services increased from 5 to 30- which is an increase of 500%.

3.9.2 EDUCATION AND HUMAN CAPITAL DEVELOPMENT

Enrolment in Early Childhood Development (ECD) witnessed a substantial progress with enrolment increasing from 32,000 learners in 2024 to 35,000 in 2025, representing 9.4% increase attributed to:

- i. Improved infrastructure: The construction of 30 new ECDE classrooms has improved learning environments and addressed overcrowding issues.
- ii. Improved learning conditions: 142 ECDE centres were introduced to digital learning while 307 centres were supplied with learning materials.
- iii. 100 ECDE personnel were trained for capacity strengthening.

- iv. The number of learners who are provided with meals increased from 27,500 to 32,000, which translates to a 16.4% increase.

The VTCs had achieved the following during the review period:

- i. **Enhanced Provision of Training Resources:** The provision of essential tools and instructional materials to 7 vocational training centers significantly improved the quality of training and enhanced the learning experience for trainees.
- ii. 4 Vocational Training Centres were issued with start-up kits.

The Elimu Kwa Wote Initiative, with an allocation exceeding Kshs 1.27 billion, provided crucial support to:

- i. 25,612 secondary school students, ensuring access to secondary education for vulnerable and deserving students.
- ii. 696 students pursuing teachers training at Mandera Teachers College, investing in the future of the county education workforce.
- iii. 376 students enrolled in technical and vocational training institutions to promote skills development and enhance employability prospects.

3.9.3 AGRICULTURE, LIVESTOCK AND FISHERIES

The sector achieved the following main achievements during the review period:

- ✓ Distributed 15 MT of seeds, 5000 seedlings, 4000 litres of agrochemicals, 1,400 farm tools and equipment.
- ✓ Land mass utilized for crop production: 168 ha of land was utilized for simsim plantation, 1,108 ha for sorghum and 273 ha for vegetables.
- ✓ The following number of farmers were trained on different skill needs: 58 farmers were trained on sorghum production, 60 farmers on vegetable production, 60 farmers trained on integrated pest management, 30 farmers capacity built on climate change, 80 farmers trained on good agricultural practices, 35 on value addition and marketing of vegetables and 185 farmers were trained on climate smart agricultural technologies.
- ✓ 5450 households were supported on resilience building through the support of WFP.

The sector strived on increasing acreage of land under irrigation through the following initiatives:

- ✓ 0.75 km of irrigation canals, 300 metres of gabions and 400 metres of earth dykes were constructed.
- ✓ The department provided 250 irrigation pipes to farmers.
- ✓ 30ha of soil and water conservation structures were developed and 40 hectares of farmland was bush cleared.
- ✓ 14 tractors and implements were repaired and maintained during the review period.

- ✓ 320 farmers were trained on poultry production, bee keeping and value addition. 1185 beehives were distributed to beekeepers.
- ✓ A total of 300 committee members were successfully trained on rangeland management with support from RACIDA.
- ✓ 5 Annual and Bi-annual mass vaccination campaigns and 3 quarterly disease surveillance were conducted.
- ✓ 1 slaughter slab was constructed and 2 meat inspectors were trained.
- ✓ Assorted vaccines and veterinary drugs were procured during the period.

3.9.4 FINANCE AND ECONOMIC PLANNING

The sector has enhanced internal controls to minimize revenue leakages and promote accountability as well as updating the asset register to track assets and preparing timely financial reports.

In the FY 2024/2025, Own Source Revenue increased to 431,172,282, representing a 155% increase due to automation of revenue collection system across the county, decentralized revenue services, the recruitment of revenue receivers and identification of revenue streams.

The sector is mandated with the timely preparation and submission of statutory documents in compliance with the PFM Act 2012. Key documents already prepared include CIDP 2023-2027, ADP 2023/2024, 2024/2025, 2025/2026, 2026/2027 CBROP, CFSP, Programme Based Budget.

3.9.5 LANDS AND URBAN DEVELOPMENT

During the period under review, the following key achievements were noted:

- ❖ 145 No. of Survey control points/control networks were established and extended, 145 Plots surveyed and 3000 parcels of land were digitized/registered through the GIS.
- ❖ Established County GIS Lab and equipped by 100% with modern survey equipment to improve mapping, visualization, and data management for physical planning and survey operations.
- ❖ Physical land use plans were developed for Khalalio, Sala, Rhamu Dimtu, and Kiliwehiri wards in partnership with IGAD (Intergovernmental Authority on Development) to enhance land use planning and management.
- ❖ Procured sanitation trucks and established dumpsites in various locations to improve sanitation and waste management.

Plans to establish Waste segregation Centers and the construction of Waste Recycling plant.

3.9.6 TRADE AND COOPERATIVE DEVELOPMENT

Key achievements of the sector include:

- ❖ **Enhanced Market Access:** The construction and operationalization of 3 new markets which represents a 200% increase compared to the previous period. This has improved market access for MSMEs.
- ❖ **Fostered Economic Growth:** 5000 businesses were inspected and issued with licenses. This enhances Compliance with fair trade Practices regulations and also raised own source revenue for the county. This represents a 500% increase compared to the achievement in the previous review period.
- ❖ Capacity building of Cooperative societies on good governance, commercialization and value addition increased by 270% compared to the last period.
- ❖ 50 cooperative societies were promoted and operationalized by giving them the necessary start-up kits for their business ventures.
- ❖ 50 SMMEs and cooperative societies were equipped with the necessary skills on entrepreneurship and Value-addition.

3.9.7 SOCIAL DEVELOPMENT

The social development sector implements programmes designed to cushion the county residents from adverse effects of disasters, promote support for vulnerable populations, and empower marginalized groups. Quality investments were made to support these special groups such as:

- ❖ **Support for Vulnerable Groups:** 80 housing units and 80 toilets were constructed, and 148 persons with disabilities were provided with assistive devices, improving their quality of life. Also, 211 No. of OVCs were supported with cash transfer.
- ❖ **Improved Social Protection:** 72,505 households were provided with relief food.
- ❖ 1000 youths were trained on digital skills, 1 centre for youths' talents development was constructed and equipped.
- ❖ 10 GBV prevention response and referral pathways/sensitization forums were held and 100 Anti-FGM champions trained.
- ❖ 1 stadium was renovated, 5 county tournaments were held, 2 basketball courts were constructed and 79 registered clubs were issued with sport kits.
- ❖ 33 women groups were provided with IGA equipment and 1000 girls in 20 secondary schools benefited from the distribution of dignity kits.

3.9.8 ROADS, TRANSPORT AND PUBLIC WORKS

The following key investment were made for these enablers to spur an economic growth in the county:

- i. **Improved Road Infrastructure:** 160 km of road networks were graveled, 200 km of roads were repaired and maintained, improving access to markets, social services, and healthcare facilities. Also, 70 km of new roads were opened.

The public works sub-sector is mandated to work as a service one and project manager to ensure the provision of design works, preparation of bill of quantities and supervision of all county government structural projects.

3.9.9 PUBLIC SERVICE MANAGEMENT, DEVOLVED UNITS AND COMMUNITY COHESION

Public Service Management

The sector achieved key components in improving service delivery and providing conducive environment to employees such as:

- ❖ Employee Well-being: Medical insurance was provided to over 1,122 employees, prioritizing workforce health and motivation.
- ❖ Support for Social Cohesion: The sector supports a peaceful and stable environment, conducive to development, by collaborating on conflict management, community cohesion, and de-radicalization programs
- ❖ 15 Peace dialogue and reconciliation meeting were conducted during the review period.
- ❖ 5 Cross border peace coordination meetings were conducted.
- ❖ 5 Stakeholders Peace coordination meetings were conducted.
- ❖ 75 Stakeholders sensitization on Prevention, Countering & Violent Extremism were conducted.
- ❖ 624 regular outreaches conducted in conflict hotspot areas.

3.9.10 WATER, ENERGY, ENVIRONMENT AND CLIMATE CHANGE

Access to safe, clean, and sustainable water improved, with coverage increasing from 54% to 56%.

This progress resulted from the following interventions:

- ❖ The County has expanded its groundwater infrastructure by drilling eight boreholes, three of which are already fully equipped and operational Construction of 41 underground tanks, providing reliable water sources for communities.

- ❖ Water storage has also improved with the construction of 277 earth pans and the addition of underground tanks totaling 328, which help communities harvest rainwater for use during dry spells.
- ❖ During the 2024/2025 financial year alone, 177 sites were surveyed for potential borehole drilling. As a result, 33 boreholes were drilled, with 21 proving successful and 12 found to be dry.
- ❖ The County Water and Sanitation Strategy and Investment Plan has been completed and submitted for review, while seven new rural water supply projects are ongoing. To further improve public health, 53 villages have been declared open defecation free, and Water Service Providers are finalizing their Performance Improvement Action Plans to strengthen governance and compliance with regulatory standards.
- ❖ No of institutions capacity strengthened on climate Change increased by 6, Number of meetings by the Climate change committee Ward level increased by 9. 23 county technical staffs were trained on climate change.
- ❖ 30 community lead climate resilient investment interventions were undertaken.
- ❖ 400 streetlights were installed, 20 streetlights were repaired, 3 flood lights were maintained,
- ❖ Under the Greening Program, an additional 25,000 trees were planted in 2024/2025, contributing to environmental conservation.
- ❖ Use of energy saving cooking technologies increased with No. of institutions using energy saving cooking technologies increased to 3.
- ❖ Planting of Bamboo and Juncao grass along the riverine increased by 60%.

3.10 IMPLEMENTATION CHALLENGES, LESSONS LEARNT AND WAY FORWARD

The County Government of Mandera experienced several challenges that affected budget implementation during the first half of the financial year 2025/2026. These are:

Delay in fund disbursements by the National Treasury

The June 2025 allocation was received in the first quarter of the financial year leading to expenditure pressure such as salary arrears from the previous year.

Delay in approval of Fund Requests

The Office of the Controller of Budget's fund requests approval processes is long and bureaucratic, thus affecting the county's absorption needs.

IFMIS connectivity challenges

Recurring IFMIS breakdowns decelerate the approval of procurement requests and lead to delays in payments to suppliers thus slowing down the County's ability to absorb funds in a timely manner.

High public expectation

Increased awareness of members of the public on their rights through numerous public participation and community engagement programmes has seen an increase in agitation for better service delivery hence creating expectation pressure. This was further intensified by the political activities and change in leadership both at the National and County levels.

Under-performance of own revenue collection

This was due to, amongst other reasons the poor economic status of the residents in this county as well as the increase in prices of commodities. Insecurity in the region that led to border closures with Somalia and Ethiopia also affected collections of revenues greatly.

High Pending Bills was also another huge challenge for the county.

3.11 RECOMMENDATIONS

The County has made progress in addressing some of the challenges previously identified as affecting budget implementation. The following lessons learnt in the prior financial periods shall be replicated in the budget implementations:

- The County Government should continue liaising and cooperating with the National Government for timely release of funds as per disbursement schedule to foster smooth operations and successful project implementations.
- The County Government should also keep liaising with the Controller of Budget to avoid limitations in expenditure to ensure proper implementation of planned projects.
- The County should come up with measures to address underperformance in own source revenue collection so as to ensure the approved budget is fully financed.
- Departments tasked with revenue collection should capacity build their human capital so as to increase their efficiency and productivity.

- 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.
- Engage the National Government to invest in the security sector to curb attacks from militia groups.

CHAPTER FOUR: SECTOR PRIORITIES FOR FY 2026/2027

4.1 HEALTH SERVICES

The Sector comprises of two sub-sectors:

- ❖ Public health services
- ❖ Medical services.

Vision: A high-quality healthcare system that is efficient, accessible, equitable and affordable for all in Mandera.

Mission: To promote the provision of integrated and high quality Promotive, preventive, curative and rehabilitative healthcare services in Mandera County.

Strategic Priorities

- ❖ To reduce Maternal Mortality Ratio from 385/100,000 LB to 362/100,000 LB
- ❖ To reduce malnutrition cases among children under 5 years from 26.1% to 15% GAM rates
- ❖ To reduce average distances to nearest health facility from 50 Kms to 26Kms
- ❖ To increase fully immunized children under one from 81% to 95%
- ❖ To reduce AIDS related mortality from 25 to 10 persons
- ❖ To reduce referral cases for specialized health care services
- ❖ To reduce the average turn- around time the clients take in accessing health services from 120Min to 30 Min
- ❖ To increase proportion of pregnant women attending 4th ANC visit from 40% to 65%

4.1.1 Public Health Services

Table 13: Programme: Public health services

| Sub-Programme | Strategies |
|---------------------------|--|
| Maternal and Child Health | <ul style="list-style-type: none"> a) Operationalization of maternity wings b) Promotion of family planning services c) Scale up maternal and childcare services d) Training of health care workers e) Establish mobile clinics to enhance access to maternal health services |
| Nutrition and dietetics | <ul style="list-style-type: none"> f) Management of malnutrition through supply of therapeutic nutrition commodities (children under 5, lactating and pregnant mothers) g) Provide nutritional education to mothers and caregivers h) Scale-up community-based nutrition outreaches. i) Capacity building for healthcare workers on nutrition services |

| | |
|--------------------------------------|---|
| Environmental health services. | <ul style="list-style-type: none"> j) Operationalization of food Mini lab in all sub counties. k) establish port health at border point. l) Stakeholders' sensitization on food safety and quality control. m) Capacity building PHOs on FSQ. |
| Monitoring and Evaluation for Health | <ul style="list-style-type: none"> n) Data collection and assessment o) Dissemination of research findings |
| Water quality testing | <ul style="list-style-type: none"> p) Distribution of water treatment agent. i.e aqua tabs. q) Provide NFI especially jerrycans. r) Capacity building for healthcare workers. |
| Universal Health Coverage | <ul style="list-style-type: none"> s) Promote access to Universal medical care t) Provision of Kits for CHPs u) Develop a CHP stipend allocation mechanism |
| Community Health Strategies and WASH | <ul style="list-style-type: none"> v) Hygiene promotion w) Awareness creation on sanitation x) Certification of Open Defecation Free (ODF) village |

4.1.2 Medical Services

Table 14: Programme: Medical Services

| Sub-Programme | Strategies |
|--------------------------------|--|
| Hospital Infrastructure | <ul style="list-style-type: none"> a. Establishment of MRI, CT-scan and imaging services at sub counties referral Hospitals b. Improvement of laboratory services c. Reduction of referral cases across the county d. Connect health centers and dispensaries to water and electricity e. Construction of medical specialist unit at MCTRH f. Installation of Electronic Medical Record System (EMRS) g. Construction of mortuaries |
| Blood Transfusion services | <ul style="list-style-type: none"> h. Expansion of blood transfusion services |
| Health products and Technology | <ul style="list-style-type: none"> i. Provision of medical supplies to facilities j. Equipping of Health facilities |

4.2 EDUCATION AND HUMAN CAPITAL DEVELOPMENT

The Sector is composed of the following:

- Early Childhood Development Education
- Vocational and Technical Training
- Human Capital Development

Sector Vision: To provide a conducive environment for provision of quality service for education, and vocational training to foster sustainable growth and development

Sector Mission: To improve quality of education founded on values such as honesty, co-operation, Commitment and trust at the most crucial period of human growth and development.

Strategic Priorities

- ❖ To Increase Access to equitable and quality ECDE
- ❖ To Increase Access to equitable and quality Vocational training
- ❖ To improve county literacy level

4.2.1 Early Childhood Development Education

Table 15: Programme: Early Childhood Development Education

| Sub-Programme | Strategies |
|------------------|--|
| ECDE Development | <ul style="list-style-type: none"> a. Construction of new ECDE classrooms b. Construction of toilets in ECDE centers c. Provision of water tanks for ECDE centers d. Construction of model ECDE centers e. Provision of ECDE school feeding to 40,000 learners to support child development and nutrition f. Renovation of ECDE centers g. Provision of teaching and learning materials to 383 ECDE centers h. Provision of digital learning targeting 383 ECDE centers i. Equipping ECDE centers with child friendly sitting amenities |

Table 16: Programme: Vocational and Technical Training

| Sub-Programme | Strategies |
|--|--|
| Infrastructure Development in Vocational Centers | <ul style="list-style-type: none"> a. Construction of classrooms b. Provision of instructional tools to 7 Vocational centers |

| | |
|--|--|
| | <ul style="list-style-type: none"> c. Provision of startup kits d. Technology development in the centers |
|--|--|

Table 17: Programme: Elimu Kwa Wote

| Sub-Programme | Strategies |
|---------------|---|
| Bursary Fund | <ul style="list-style-type: none"> a. Support free secondary education b. Create school re-entry programmes targeting teenage mothers c. Provide bursary top-ups for teenage mothers and vulnerable adolescents to enhance retention d. Provision of ward bursary fund e. Provision of County Education scholarships for universities and colleges |

4.3 AGRICULTURE, LIVESTOCK AND FISHERIES

The Sector is composed of Three sub-sectors:

- Crop production, Harvesting and Value addition
- Irrigation and Soil conservation
- Livestock Development

Vision: An innovative, commercial-oriented and modern agriculture and rural development sector.

Mission: To improve the livelihood of Mandera County residents through promotion of competitive agricultural production, sustainable livestock and fisheries production, affordable and quality veterinary services provision and training and adoption of smallholder irrigation that is efficient, effective and sustainable.

Strategic Priorities

- ❖ Increase crop production
- ❖ Increase acreage under irrigation
- ❖ Increase livestock production
- ❖ To reduce the prevalence of Livestock diseases
- ❖ To minimize the risk of Zoonotic diseases

Table 18: Agriculture, Livestock and Fisheries Programmes

| Programme | Strategies |
|---|--|
| Food security and sustainable agriculture | <ul style="list-style-type: none"> a. Training farmers on climate resilient agricultural techniques b. Registration of farmers c. Capacity building of agricultural extension officers d. provide certified drought tolerant and nutrition dense seeds to farmers. e. Provide subsidized fertilizers for farmers f. Distribution of agrochemicals g. Provision of farm tools and equipment h. Promotion of value addition and marketing for agricultural produce. i. Development of farm access roads j. Promote nutrition linked education to agriculture extension that will improve income and ensure better feeding practices for children, pregnant/lactating women. k. Promotion of climate smart agricultural technologies l. Promote access to agricultural mechanization services |
| Irrigation | <ul style="list-style-type: none"> m. Construction of irrigation canals n. Bush clearing for irrigation o. Provision of water pumps p. Development of flood control measures q. Promote Water harvesting technologies r. Capacity building on irrigation and water harvesting technologies. |
| Livestock Development | <ul style="list-style-type: none"> s. Training of farmers on emerging livestock production of poultry and bee keeping and its value addition t. Distribution of drought tolerant fodder seeds and capacity building for fodder production technologies to farmers. u. Improvement of livestock market v. Capacity building of farmers on animal husbandry |

| | |
|---------------|---|
| | Increase acreages of rangeland reseeded and capacity building on rangeland management Promote emergency cash -plus and input support such as emergency supplementation this will ensure faster livelihood recovery and dignity during drought. |
| Animal health | w. Livestock disease control x. Vaccination of livestock y. Promotion of hygienic production of meat z. Capacity building on participatory, epidemiology, clinical management and disease survey |

4.4 FINANCE AND ECONOMIC PLANNING

The Sector is composed of the following sub-sectors:

- Financial and Accounting services
- Revenue services
- Economic Planning and statistics
- ICT, E-government and public communication

Vision: A well-resourced and efficiently managed Mandera County

Mission: To effectively mobilize, prudently manage resources, and provide leadership in development planning and tracking of results

Strategic Priorities

- ❖ To improve in financial management
- ❖ To improve policy formulation and planning
- ❖ To establish central repository of stored reported data
- ❖ To enhance revenue collections
- ❖ To enhance reliable internet and network connectivity

Table 19: Programmes to be implemented

| Programme | Strategies |
|-----------------------------------|---|
| Financial and Accounting services | a. Asset tagging b. E-procurement implementation c. IFMIS installation d. Timely financial reporting |
| Resource Mobilization | e. Enhance own source revenue collection f. Automation of revenue sources g. Preparation of County Finance Bill |

| | |
|-----------------------------|--|
| | <ul style="list-style-type: none"> h. Procurement of revenue barrier spikes i. Identification and operationalization of new revenue streams j. Training of revenue officers |
| Economic Policy formulation | <ul style="list-style-type: none"> k. Preparation of budget l. Preparation of Annual development plan m. Preparation of County Statistical Abstract n. Undertake Monitoring and Evaluation of county projects o. Preparation of County Budget Review Outlook Paper p. Preparation of Annual Progress Report q. County Debt Management Strategy Paper (C-DMSP) |
| Digital connectivity | <ul style="list-style-type: none"> r. Installation of LAN networks s. Procurement of ICT hardware, e.g. Laptops, printers, t. Procurement of ICT software systems u. Train youth on digital literacy |

4.5 LANDS AND URBAN DEVELOPMENT

The sector is divided into 3 sub-sectors namely:

- Lands, physical Planning and Survey
- Housing and urban Development
- Circular Economy, Solid waste management and sanitation

Vision: Excellent, adequate and affordable administration and management of land, housing and sustainable urban development in Mandera County.

Mission: To facilitate improvement of livelihoods of the people of Mandera through efficient, sufficient, equitable and sustainable management of land, housing and urban environment

Strategic Priorities

- ❖ To increase proportion of informal settlements upgraded
- ❖ To increase decent and affordable Housing
- ❖ To promote access to proper solid waste management services.
- ❖ To construct storm water drainage system within municipalities
- ❖ To install and repair solar street lights

Table 20: Programme: Land management services

| Sub-Programme | Strategies |
|---------------------|---|
| Land Administration | <ul style="list-style-type: none"> a. Development of county spatial plan b. Preparation of land use plans c. Planning and survey of ward centers d. Development of valuation roll |
| Title deed | <ul style="list-style-type: none"> a. Cadastral survey b. Construction of land registry c. Conducting public awareness on digitization d. Delineated town boundaries |

Table 21: Programme: Solid waste management

| Sub-Programme | Strategies |
|--------------------------|---|
| Town sanitation services | <ul style="list-style-type: none"> a. Procurement of sanitation trucks b. Construction of designated dumping site c. Procurement of sanitation tools |

Mandera & Elwak Municipalities

Table 22: Municipalities Programmes

| Programme | Strategies |
|--|---|
| Environment protection and climate change management | <ul style="list-style-type: none"> a. Afforestation and Re-afforestation b. Establishment of tree nurseries c. Formulating regulations and policies to protect the environment d. Conduct environmental education and awareness e. Rehabilitation of degraded areas |
| Solid waste management & sanitation services. | <ul style="list-style-type: none"> a. Provision of waste/garbage collection trucks and skips. b. Provision of Personal Protective Equipment's (PPE) to sanitation workers c. Development of solid waste management regulations d. Rehabilitation of existing waste collection sites |
| Clean and renewable solar energy development | <ul style="list-style-type: none"> a. Installation of solar streetlights b. Repair and maintenance solar street lights and floodlights c. Community and staff Capacity building on harnessing production of clean solar energy |

| | |
|---|--|
| Urban roads and connectivity infrastructure | <ol style="list-style-type: none"> a. Rehabilitation and regular maintenance of urban roads b. Development of flood mitigation infrastructure. c. Development of storm water drainage master plan |
|---|--|

4.6 TRADE AND COOPERATIVE DEVELOPMENT

The Sector is composed of Two sub-sectors: Trade, Industry and Investment and Cooperative Development and marketing.

Vision: To be a county with competitive economy and investment destination of choice to achieve a sustainable and equitable socio-economic development

Mission: To promote, co-ordinate and implement integrated socio-economic policies and programs competitively, innovative industrialization and infrastructure development with a vibrant commercially oriented co-operative sector.

Strategic Priorities

- ❖ To increase ease of doing business index
- ❖ To improve access to business financing for MSMEs, cooperatives and upcoming entrepreneurs.
- ❖ To Increase rate of compliance with fair trade practices for consumer protection.

4.6.1 Trade, Industry and Investment

Table 23: Programme: Promotion of Wholesale and Retail trade

| Sub-Programme | Strategies |
|-----------------------|--|
| Market infrastructure | <ol style="list-style-type: none"> a. Construction of markets b. Construction of milk shades c. Renovation of market structures |
| Business development | <ol style="list-style-type: none"> d. Business skills development e. Establishment of cross-border trade committees |
| Compliance | <ol style="list-style-type: none"> f. Licensing of business entities g. Certification of standards |

4.6.2 Cooperative Development and Marketing

Table 24: Programme: Promotion of cooperative growth

| Sub-Programme | Strategies |
|--------------------|---|
| Cooperative growth | <ol style="list-style-type: none">a. Provision of start-up kitsb. Provision of credit fundc. Disbursements of trade fundd. capacity building of cooperative societiese. Establishment of more cooperative societies |

4.7 SOCIAL DEVELOPMENT

The sector is composed of four sub-sectors namely:

- Social Services, Special programs, disaster preparedness and management
- Youth, Sports and Talent Development
- Culture, Tourism and Library Services
- Women Empowerment and Affirmative Action

Vision: To provide holistic, quality social services to foster growth and development that is sustainable and nationally competitive.

Mission: To improve quality of social service delivery founded on values such as honesty, co-operation, commitment and trust at the most crucial period of human growth and development.

The sector coordinates and delivers social protection, support to vulnerable households, disability inclusion, child welfare, social assistance and shock responsive interventions across the county. It promotes dignity, protection, inclusion and resilience for vulnerable population.

Social protection is a critical pillar for Mandera County’s resilience and recovery, given persistently high vulnerability. KNBS data shows that 72.9% of the population lives in poverty and 60.4% experience food poverty, leaving most households highly exposed to drought and other recurrent shocks. Adolescents are particularly vulnerable; despite Mandera recording the highest Grade 8–10 transition rate nationally (95%), many, especially girls and out-of-school youth, struggle to complete secondary education due to poverty, early pregnancy, household responsibilities, and climate-related disruptions. The County’s tri-border location with Kenya, Ethiopia, and Somalia further heightens risk, exposing adolescents to human trafficking, cross-border exploitation, and violent extremist recruitment, reinforcing the need for safe spaces, psychosocial support, and structured youth engagement as protective social protection measures.

The current drought context demands urgent shock-responsive interventions. NDMA classified Mandera County in the “Alarm” drought phase in December 2025, signaling worsening conditions and the need for timely response.

Food insecurity remains severe at both national and county levels. IPC analysis estimated 1.8 million people in Crisis (IPC Phase 3+) between July and September 2025, including about 179,000 in

Emergency (IPC Phase 4), with Mandera among the most affected counties and projections rising to 2.1 million people in Crisis by January 2026.

Mandera County has demonstrated strong delivery capacity, having constructed 920 housing units for vulnerable households, supported over 2,200 persons with disabilities with assistive devices, and reached 240,000 shock-affected households with food and non-food assistance, providing a solid foundation for scaling priority programmes through predictable CFSP financing and strengthened partnerships.

Strategic Priorities

- ❖ To increase proportion of staff that have access to logistics for improved social services provision
- ❖ To enhance social and child care protection services
- ❖ To reduce prevalence of drug and substance abuse among the youths.
- ❖ To enhance youth economic empowerment and development service
- ❖ To reduce GBV/FGM cases.
- ❖ To improve disaster risk management

Table 25: Proposed programmes

| Programme | Strategies |
|--------------------------|--|
| Social Protection | <ul style="list-style-type: none"> ❖ Construction of housing units and toilets for the vulnerable with a priority to female headed households and vulnerable households with pregnant and lactating mothers. ❖ Support for OVC-Orphanage Centers Grants ❖ Support to Persons with Disabilities through provision of Assistive technologies and Mobility Kits ❖ Establishment child care Facility ❖ Renovation and operationalization of social halls ❖ Fencing of PWDs Resource and Information Centre ❖ Cash transfers for OVCs, Elderly & PWDs ❖ Provision of Income Generating equipment to PWDS ❖ Countywide Mapping of PWDS ❖ Fencing of cemeteries and provision of water tanks, toilets and security lights |
| Women empowerment | <ul style="list-style-type: none"> ❖ Provision of Income Generating Equipment for women groups ❖ Create re-entry support programmes for teenage mothers ❖ Provision of development fund for women ❖ Awareness creation against SGBV and FGM ❖ Establishment of GBV rescue center |

| | |
|--|--|
| | <ul style="list-style-type: none"> ❖ Employment of vulnerable women through Greening programme |
| Youth, Sports & Talent Development | <ul style="list-style-type: none"> ❖ Construction of youth talent centers ❖ Establish adolescent safe spaces for social interactions and support ❖ Provide mentorship support to adolescents in schools and colleges ❖ Provision of IGA equipment for youth groups ❖ Construction of sports talent academies ❖ County sports tournaments ❖ Provision of sports kits |
| Special Programs & Disaster risk management | <ul style="list-style-type: none"> ❖ Provision of food relief to vulnerable households ❖ Provision of non-food items to vulnerable households ❖ Establishment of Emergency Operation Centre (EOC) ❖ Capacity Strengthening of Ward & Sub- County DRM committees ❖ Strengthening the institutional capacities of DRM technical Staff |
| Culture, Tourism & Library Services | <ul style="list-style-type: none"> ❖ Organize Cultural events ❖ Operationalization of Libraries ❖ Mapping and demarcation of historical sites ❖ Mapping of conservancies in the county ❖ Demarcation of Malkamari reserves ❖ Documentation and digitalization of indigenous knowledge |

4.8 ROADS, TRANSPORT AND PUBLIC WORKS

The sector is composed of the following sub-sectors:

- Roads and Transport
- Public works

Vision: To provide quality road and transportation infrastructure to spur socio-economic growth and development in Mandera County and the region and at large.

Mission: To facilitate the construction, upgrading, rehabilitation, and effective maintenance of all infrastructure facilities in Mandera County and to enhance regional connectivity for sustainable socio-economic growth and development in line with Kenya vision 2030.

Strategic Priorities

- ❖ To increase road network (in km) that is in a motor-able condition for road users from 420 km to 2000 km.
- ❖ To Increase Kms of gravel roads network from 1700 to 2200 km.
- ❖ To increase kms of bitumen standard roads from 25.5 km to 43.5 km
- ❖ To rehabilitate the condition of the existing 7 Air strips.
- ❖ To Increase the no of Airstrips from 7 to 9.
- ❖ To Improve transport mobility for service delivery
- ❖ To create conducive working environment.

Table 26: Programmes to be implemented

| Programme | Strategies |
|----------------------------------|--|
| Roads Infrastructure Development | a. Upgrade of roads to bitumen standards b. Graveling of roads c. Roads maintenance d. Construction of bridges and box culverts |
| Public works and transport | e. Purchase of plant equipment f. Repair and service of vehicles and equipment |

4.9 PUBLIC SERVICE MANAGEMENT, DEVOLVED UNITS AND COMMUNITY COHESION

The Sector is composed of the following sub-sectors:

- Public service management
- Community cohesion, conflict management and prevention of radicalization and extremism
- Community engagement, Civic education and public participation

Vision: To be a leading ministry of excellence in Public Service Management, coordination and development in a peaceful and cohesive County.

Mission: To provide policy direction in Public Service Management, advice on appropriate organizational structures, initiate and coordinate human resource management reforms to improve service delivery for sustainable socio-economic development and to promote a cohesive society whose values are harmonious and integrative.

Strategic Priorities

- ❖ Implementation of performance contracting and appraisal;
- ❖ Automation of HR records management system;
- ❖ Capacity strengthening of staff across the department

- ❖ Fostering conducive working environment for effective and efficient service delivery;
- ❖ Enhancing compliance with county by-laws;
- ❖ promoting peaceful resolution of conflict cases;
- ❖ Combating radicalisation to countering terrorism;
- ❖ Promoting citizen access to governance information, and citizen participation in decision making processes.

Table 27: Programmes to be implemented

| Programme | Projects |
|--|---|
| Human Resource management | <ul style="list-style-type: none"> a. Automation of Human Resource Management Services b. Implementation of performance appraisal system c. Staff welfare programs and capacity building trainings. |
| Sub-County Administration infrastructure | <ul style="list-style-type: none"> d. Construction and maintenance of sub-county and ward offices |
| Community cohesion and conflict management | <ul style="list-style-type: none"> e. Peace dialogues within and cross border. f. Establishment of Early warning response system g. Sensitization and peace awareness h. De-radicalization and counter violent extremism programs |

4.10 WATER, ENERGY, ENVIRONMENT AND CLIMATE CHANGE

The Sector is composed of the following sub-sectors

- a) Water services
- b) Energy and Natural resources
- c) Environment Protection, Biodiversity Conservation, and Climate Change

Vision: A County with sustainable access to adequate water and a clean and secure environment for all.

Mission: To ensure; efficient and economical provision of water and sewerage services, increased environmental conservation, appropriate utilization of natural resources and improved access to affordable and environment friendly sources of energy to meet the various socio-economic needs of Mandera County.

Strategic Priorities

- ❖ Promote access to clean, safe and adequate water;
- ❖ Establish appropriate and cost-effective water harvesting and storage infrastructure;
- ❖ Promoting agro forestry in the county
- ❖ Enhance access to sustainable sanitation and sewerage services
- ❖ Enhancing climate change mitigation and adaptation

❖ Sustainable utilization of natural resources

Table 28: Programmes to be implemented

| Programme | Strategies |
|--|---|
| Water Infrastructure Development | <ul style="list-style-type: none"> ❖ Construction of medium size 30,000m³ water pans/dams ❖ Drilling of boreholes ❖ Extension of water pipeline ❖ Upgrading of rural water facilities ❖ Drought mitigation measures |
| Rural water supply maintenance | <ul style="list-style-type: none"> ❖ Maintenance of rural water supply ❖ Maintenance of rehabilitated boreholes |
| Upgrading of Rural Water supply infrastructure | <ul style="list-style-type: none"> ❖ Construction of storage tanks ❖ Desilting of earth pans ❖ Solarization of boreholes |
| Establishment of water master plan | <ul style="list-style-type: none"> ❖ Development of water master plan ❖ Hydrological surveys |
| Drought mitigation | <ul style="list-style-type: none"> ❖ Installation of plastic tanks ❖ Repair of underground tanks ❖ Procurement of Gensets |
| WASH infrastructure and Sanitation services | <ul style="list-style-type: none"> ❖ Development of urban and rural sewerage system ❖ Expansion of sewerage networks ❖ Install climate resilient WASH facilities in schools and communities ❖ Conduct hygiene promotion campaigns |
| Mandera County Greening programme | <ul style="list-style-type: none"> ❖ Planting and maintenance of trees ❖ Restoration of quarry sites |
| Climate change mainstreaming | <ul style="list-style-type: none"> ❖ Integrate climate change into county planning ❖ Climate risk assessment done ❖ Development of climate change action plan ❖ Restoration of ecosystems ❖ Mapping of environmental disaster-prone areas ❖ Promotion of clean energy use |

4.11 OFFICE OF THE GOVERNOR

The sector will prioritize programmes including: Administration and coordination, Improve donor relations and resource mobilization.

4.12 COUNTY PUBLIC SERVICE BOARD

The County Public Service board plans to provide optimal staffing levels in all county departments, enhancing skills upgrading and career progression of county staff, improving working conditions and efficiency and effectiveness in service delivery, strengthening the policy and regulatory framework that governs the board and County Public Service among other priorities.

4.13 COUNTY ASSEMBLY

The objective of the sector is to “Offer quality services to the society through oversight, representation and legislation by ensuring autonomy and impartiality of the County Assembly.”

4.14 RISK MITIGATION FRAMEWORK

These includes the potential risks and the mitigation measures the County will put in place to ensure the risks are cushioned.

Table 29: Risk Mitigation Framework

| Risk Category | Risk | Mitigation Measure |
|----------------------|---|---|
| Fiscal/Economic Risk | Inadequate resources | Enhance resource mobilization |
| | Inefficiencies in government expenditure | Strengthen outcome-oriented expenditure |
| | Economic slump | Investment in the productive sector of the economy |
| | Rising wage bill | Enhance resource mobilization |
| | High cost of projects | Conducting feasibility studies for all projects |
| Environmental Risks | Climate change (Drought and floods) | Develop and implement strategies for risk mitigation and preparedness |
| Legal Risks | Inadequate legal and regulatory frameworks Litigations and court cases | Develop and implement policies and regulations |
| Capacity Risks | Inadequate capacity | Capacity build staff |

CHAPTER FIVE: THE MEDIUM-TERM STRATEGY 2026/2027

5.1 Overview

The FY 2026/2027 and the medium-term budget is based on the Government's policy priorities and macroeconomic policy framework, the Government will continue with the growth friendly fiscal consolidation plan by containing expenditures and enhancing mobilization of revenues in order to slow down growth in public debt without compromising service delivery.

The Medium-Term Fiscal Policy aims at supporting a sustainably wealthy and vibrant county providing high quality services to improve the livelihoods of its citizens. The county will pursue prudent fiscal policies to ensure economic growth and development. In addition, these policies will provide support to economic activities while allowing for sustainable implementation of the projects and programs. Adhering to these policies will also enhance local revenue collection which will ensure there are adequate resources for capital investments.

In respect to local revenue generation, the county is striving to institute corrective measures to reduce revenue leakages from local sources. This includes; efficient and effective revenue collections, enforcement of local revenue laws and regulations, automation of revenue collection systems and speedy implementation of collection of other revenue streams. It also has responsibility to undertake sensitization and education of the public on revenue matters. For efficient and effective service delivery, there is need to increase the County human resource capacity especially the technical staff.

The total resource envelope for FY 2026/2027 is expected to be Kshs **15,219,322,370** Based on the commission on revenue allocation and the trend of growth of the County revenues. The County Government will strive to ensure that the budget is balanced in the medium term and that expenditure for development shall constitute **50%, across the FY 2026/2027 and FY 2027/2028**. Expenditure ceilings are based on county priorities extracted from the CIDP 2023-2027, ADP 2026/2027 and the sector working group reports for each of the sectors. Moreover, the ceilings were also adjusted based on reduction on total revenue, expenditure trends and the changes in priority based on sector working group discussions. Expenditure related to conditional funding and grants has been ring fenced based on the purpose for the funding and estimates developed and included in the sector working group reports.

5.2 Fiscal Policy

The government's fiscal policy objective in the medium term will be to focus resources to priority and growth potential areas. Allocation and utilization of resources in the medium term will be guided by the priorities outlined in CIDP 2023-2027 and other county plans; and in accordance with fiscal responsibility principles as set out in section 107 of the PFM Act 2012. In this regard, the county government is committed to keeping recurrent spending at sustainable levels and devotion of more funds to development. Reforms in the budget

expenditure management and revenue administration will be implemented to increase efficiency, reduce wastages and increase revenues collected and hence create fiscal space that frees more funds for productive areas. The county government is truly committed to implementing a program-based budget system in the following financial year. This is expected to create budget clarity that emphasis on results as opposed to mere absorption of funds.

5.3 Revenue Projections

In the FY 2026/2027, the county expects to receive 15,219,322,370 which includes 12,310,020,000 from the equitable share as well as 815,204,118 as own source revenue.

5.3.1 Expenditure Projections

5.3.1 Expected Revenue by Source

Table 30: Revenue expected in the 2026/2027 comparative for 2025/2026

| Revenue Stream | 2025/2026 | 2026/2027 |
|--|----------------|-------------------|
| | KSHS | KSHS |
| Equitable share | 12,265,064,993 | 12,310,020,000.00 |
| Own Source Revenue Projections | 360,000,000 | 465,204,118.25 |
| Facility Improvement Financing (FIF) | 322,525,007 | 350,000,000.00 |
| On-Going Projects funds b/f from previous year | 347,553,249 | 457,900,000.00 |
| Allocation for Mineral royalties | 1,028 | 1,028.00 |
| DANIDA Grant - Primary Health Care | 16,473,000 | - |
| DANIDA Grant - Primary Health Care for FY 2023/2024 (Not received) | 18,653,250 | - |
| DANIDA Grant - Primary Health Care (B/f) | 15,746,250 | - |
| Community Health Promoters Program | 18,540,000 | - |
| Kenya Agricultural Business Development Project | 10,918,919 | - |
| Kenya Urban Support Project (KUSP) – UDG | 142,013,441 | 142,013,441 |
| Food Systems Resilience Project -(FSRP) | 246,153,846 | 246,153,846 |
| FSRP b/f | 70,127,131 | 70,127,131 |
| FLOCCA County Climate Institutional Support Grant | 11,000,000 | 11,000,000 |
| FLOCCA CCIR Grant FY 2023/2024 Allocations B/f (Amount in SPA) | 16,507,427 | 16,507,427 |
| FLOCCA CCIR Grant FY 2023/2024 and fy 2024/25 Allocations | 227,938,965 | 227,938,965 |
| Conditional Grant for Aggregated Industrial Parks Programme | 250,000,000 | 250,000,000 |
| Kenya Devolution Support Programme 2 (KDSP II) Level 2 grant | 352,500,000 | 352,500,000 |
| Kenya Devolution Support Programme 2 (KDSP II) | 37,500,000 | 37,500,000 |
| Roads Maintenance Fuel Levy | 192,647,255 | 192,647,255 |

| | | |
|--|-----------------------|-----------------------|
| Kenya Urban Support Project (KUSP) – UIG | 35,000,000 | 35,000,000 |
| Kenya Urban Support Project (KUSP) - UIG b/f | 35,000,000 | 35,000,000 |
| Basic Salary Arrears for County Governments Health Workers | 19,809,159 | 19,809,159 |
| TOTAL | 15,011,672,920 | 15,219,322,370 |

The county relies heavily on the equitable share followed by other loans and grants. Own source revenue is quite low due to the fiscal structure and revenue raising capabilities available to the County.

Traditionally, some amount of funds will remain unspent at end of the financial year. This amount cannot be reliably established at this stage. However, going by the trends of previous years, some of this year’s budget will be carried forward to the following year budget as unspent but committed funds. This amount of funds will become clearer as we approach the final phase of budget preparation at the closure of the financial year.

5.4 County Allocations for FY 2026/2027

The Division of Revenue Bill (DoRB), 2026 proposes to allocate to the county governments allocation of Ksh 420 billion. As earlier indicated, the BPS 2026 proposes equitable share of revenue to Mandera County of Kshs **12,310,020,000**.

Proposed allocation therefore meets the requirement of Article 203(2) of the Constitution; High level of financing, and noting that the overdraft at the Central Bank is exhausted.

5.5 Resource Allocation Criteria and Proposed Ceilings for FY 2026/27

5.5.1: Criteria for Resource Allocation

Resources are to be allocated based on the following criteria;

- ❖ Extent to which the Programme is linked to the Governor’s Manifesto, BETA, MTP IV, CIDP, SDGs and other international commitments
- ❖ Cost effectiveness, efficiency and sustainability of the Programme/projects within the MTEF period.
- ❖ Extent to which the Programme and sub-Programme output and outcome is aligned to the sector goals and departmental core mandate.
- ❖ Programmes that are co -funded
- ❖ Compensation to employees
- ❖ Consideration for ongoing projects

The County Government will continue with its policy of expenditure prioritization with a view to funding core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies.

The following measures will be adopted as a guideline for resource allocation:

- ❖ **Linkage of projects and programmes with the objectives of the County Integrated Development Plans:** The County, in its resource allocation will ensure there is a linkage between plans and budget. Information derived planning documents and CIDP (2023-2027) will guide resource allocation in the FY 2026/27
- ❖ **Adherence to Annual Development Plan:** Another criterion that will be used in prioritization and allocation of resources is that programmes that have been identified in the 2025/26 Annual Development Plan.
- ❖ **Degree to which the Programme is addressing the core mandate of the county entity:** Projects and Programmes that address the core mandate of the county government will be given priority. The critical sector includes Health, Water, Road and other infrastructure, Agriculture and Livestock as well as Education and sports.
- ❖ **Expected outputs and outcomes from a Programme:** Projects and Programmes that have high output and impact will be selected for implementation over those that have a low output and low impact.
- ❖ **Cost effectiveness and sustainability of a projects/ programmes:** Projects and programmes that are cost effective and sustainable will be given a higher priority over those that are unsustainable and have a high cost.

Resource allocation for the FY 2026/27 will be geared towards financing priority programmes and projects that will culminate in the realization of county strategic objectives such as investments in the agricultural sector; food security, provision of adequate and clean water, boosting road infrastructure, Well Functioning Universal Health Care, improve retention and dropout rates among students in secondary schools, support to ECDE and vocational training as well as addressing the plight of the most vulnerable in our society.

In this regard special focus will be directed areas such as:

- ❖ Sound governance, transparency, and accountability and Human Resource productivity in the delivery of services to the county residents. To achieve this, adequate resources will be committed to staff salaries, allowances and capacity buildings.
- ❖ Promotion of accessible and affordable health care for all County resident by providing skilled health staff and drugs.
- ❖ Improving food security by encouraging Agricultural production through increased extension services to reduce cost to farmers and support to small scale farmers.
- ❖ Expansion and maintenance of road infrastructure and network to enhance productivity and reduce cost of doing business in the county
- ❖ Promotion of ECDE and adult education to uplift county literacy levels

- ❖ Improving in retention and reducing dropout rates among students in secondary schools through the ‘Elimu Kwa Wote Programmme’
- ❖ Investing in youth and women by ways of loans and Scholarships
- ❖ Under take programs that will address the plight of the most vulnerable in the Society

5.2 Proposed Ceilings for FY 2026/27

As earlier indicated, the BPS 2026 proposes equitable share of revenue to Mandera County of Kshs 12,310,020,000 and the County Government projects to collect OSR set at 465,204,118.25

Having identified the key criteria for allocation of resources among the various competing interest, having also established the likely amount of resource available, here blow we allocate these resources as per the table below.

Table 31: Allocation to the ministries for FY 2026/2027-ceillings

| Sector name | Recurrent | Development | Total | Percentage |
|--|------------------|----------------|------------------|------------|
| Agriculture, Livestock, Irrigation and Fisheries | 231,666,095.10 | 376,498,634.98 | 608,164,730.08 | 4% |
| County Public Service Board | 109,310,200.61 | 12,322,745.80 | 121,632,946.02 | 1% |
| Education and Human Capital Development | 1,193,090,140.01 | 175,280,503.21 | 1,368,370,642.68 | 9% |
| Finance and Economic Planning | 738,059,230.27 | 22,146,681.80 | 760,205,912.60 | 5% |
| Social Development | 113,518,282.04 | 646,687,630.43 | 760,205,912.60 | 5% |
| Office of Governor and Deputy Governor | 608,164,730.08 | - | 608,164,730.08 | 4% |
| Office of The County Attorney | 106,428,827.76 | - | 106,428,827.76 | 1% |
| Office of The County Secretary | 91,224,709.51 | - | 91,224,709.51 | 1% |
| Lands and Urban Development | 133,564,482.51 | 626,641,429.83 | 760,205,912.60 | 5% |
| Public Service Management, Devolved and Community Cohesion | 2,843,578,986.76 | 45,203,480.89 | 2,888,782,467.88 | 19% |
| Roads and Transport | 357,009,521.13 | 403,196,391.19 | 760,205,912.60 | 5% |
| Trade and Cooperative Development | 147,770,148.55 | 308,353,399.28 | 456,123,547.56 | 3% |

| | | | | |
|--|--------------------------|-------------------------|--------------------------|-------------|
| Water Services, Environment and Energy | 377,906,567.42 | 1,446,587,622.77 | 1,824,494,190.24 | 12% |
| Health Services | 2,241,848,172.16 | 646,934,296.04 | 2,888,782,467.88 | 19% |
| County Assembly | 1,098,009,473.76 | 118,319,986.40 | 1,216,329,460.16 | 8% |
| TOTAL | 10,391,149,567.68 | 4,828,172,802.61 | 15,219,322,370.25 | 100% |
| | 68% | 32% | 100% | |

In establishing budget ceilings for the financial year and subsequent financial allocations, nondiscretionary expenditures take first charge. Examples of these include statutory obligations such as salaries and other related staff expenses. In development expenditure, first consideration will be given to the completion of ongoing projects while availing adequate resources to the new projects which are key to growth of the County. Priority will be given to projects identified in the CIDP, ADP and the public participation reports.

Projects proposals will be subjected to rigorous scrutiny to ensure they are in line with the county vision and development plans. Costing of programs will also be closely monitored to ensure there are no future variations and adjustments

5.6 Fiscal Strategy FY 2026/2027

The FY 2026/2027 fiscal strategy has been designed to address the following objectives:

- Fast tracking of implementation of development programs to encourage faster absorption of funds
- Completion of all ongoing/stalled projects
- Streamlining and improving local revenue performance to realize more resources
- Collaborating with key and donors to finance flagship projects in health, water and infrastructure.
- Increasing budget transparency and accountability as required by law.
- Devolving services closer to the people and ensuring count services are visible in all parts of the county.
- Under take programs that will address the plight of the most vulnerable in the Society. This will entails building some shelter for them as well as providing some sources livelihood inform of a given heads of livestock.

ANNEX

Annex II: Public Sector hearings

| SECTOR | SUB-SECTOR | ISSUES RAISED | FEEDBACK |
|---------------|-------------------|----------------------|-----------------|
| | | | |