REPUBLIC OF KENYA

MANDERA COUNTY GOVERNMENT

COUNTY TREASURY

BUDGET IMPLEMENTATION STATUS REPORT

FOURTH QUARTER REPORT

FY 2025/2026

JULY, 2026

County mission and vision

Vision

To be a 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.

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Foreword

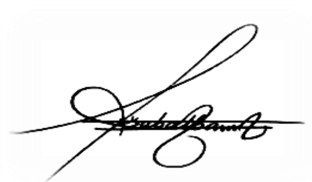
I am pleased to present the Budget Implementation Report for the fourth quarter of the Financial Year (FY) 2025/2026. The report fulfils the County's obligation under Section 166 of the Public Finance Management Act 2012 to prepare and publish quarterly budget implementation reports. The law specifies that these reports shall contain both financial and non-financial information.

This is the fourth report in FY 2025/2026 and presents information on budget performance by the departments in the period July 2025 to June 2026. Information on budget performance is presented on aggregate and on individual department performance. The report also includes performance trends, which present a useful trajectory of revenue and expenditure performance.

The report provides details about revenue, expenditure, and capital projects. Reporting is also done on key targets and indicators from the approved supplementary budget.

The budget implementation was slow but recorded an improved performance from the second quarter and by the end of June 2026, expenditure on both the development and recurrent programmes represented 90% of the County's approved budget. There are several factors that were responsible for the slow implementation of the County programs mostly as a result of late budget approval, delay in approval of Fund Requests by Office of the Controller of Budget and IFMIS connectivity challenges. With the above challenges having been addressed, the budget implementation is expected to be smooth in the first quarter of the FY 2026/2027. I urge the departments to move with speed in putting up measures to hasten the implementation of programmes especially for the development projects.

I also urge all our stakeholders to actively scrutinize this report in order to take necessary action towards enhancement of transparency and accountability in the management of public resources as enshrined in the constitution and PFM Act, 2012. This will go a long way in providing feedback towards efficient and effective service delivery and attainment of the County Government's objectives.



CPA. Ibrahim Mohamed Adan, OGW.

County Executive Member for Finance and Economic Planning

1.0 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 June 2026.

The report presents revenue and expenditure performance by the Mandera County Government. 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 30th June 2026 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.

1.1 Fiscal Outlook

The fiscal assumption underlying the FY 2025/2026 budget is that there would be improved revenue collection from local sources and timely release of funds by the National Treasury.

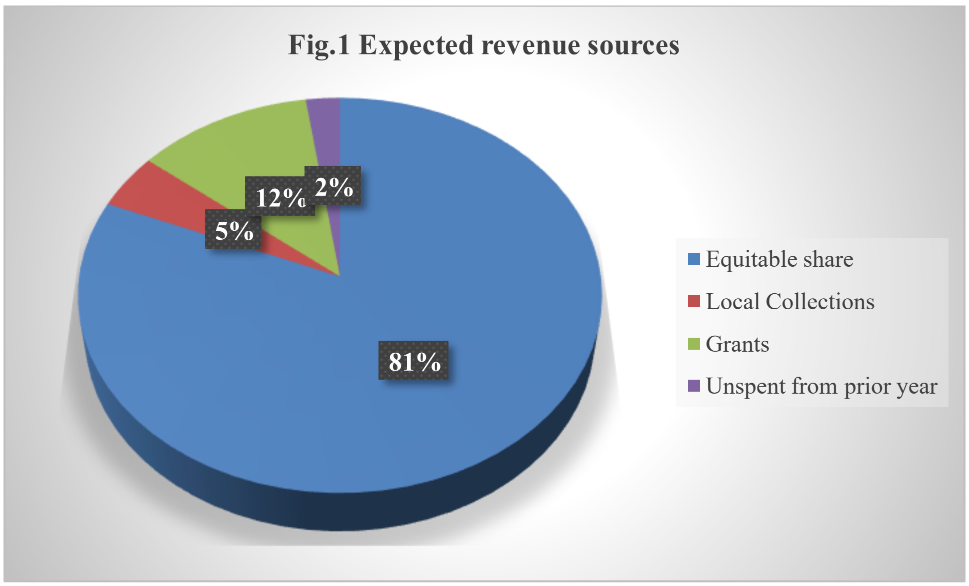
2.0 Financial Analysis of County Budget Implementation

The County had an approved Supplementary budget of Kshs. 15,092,729,388 which comprised of Kshs. 9,707,647,352 (64%) for recurrent expenditure and Kshs. 5,385,082,036 (36%) allocation for development expenditure.

2.1 Budget Components

In order to finance the budget, the County expected to receive Kshs. 12,265,064,993 (81 percent) as the equitable share of revenue raised nationally, generate Kshs. 682,525,007 (5 percent) from own sources of revenue including FIF, receive Kshs. 1,797,586,139 (12 percent) from various conditional grants, and other revenue (ongoing projects) of Kshs. 347,553,249 (2 percent) from FY 2024/2025.

Figure 1: Expected Sources of Budget Financing in FY 2024/2025



Source: County Treasury, Mandera County Government

The major source of revenue for the County was the nationally shared revenue, which accounted for 81% of the budget. Fund balances from the Financial Year 2024/2025 contributed 2%, while conditional grants made up 12%. The County's annual local revenue made up only 5% of the budget.

Table 1: Budget Components

The table summarizes county revenues for FY 2025/2026 budget

Revenue summary By Sources	Amount (Kshs)
Equitable share	12,265,064,993
Own Source Revenue Projections	360,000,000
Facility Improvement Financing (FIF)	322,525,007
On-Going Projects funds b/f from previous year	347,553,249
Allocation for Mineral royalties	1,028

DANIDA Grant - Primary Health Care	16,473,000
DANIDA Grant - Primary Health Care for FY 2023/2024	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	171,842,327
Food Systems Resilience Project -(FSRP)	246,153,846
FSRP b/f	70,127,131
FLOCCA County Climate Institutional Support Grant	11,000,000
FLOCCA CCIR Grant FY 2023/2024 Allocations B/f	16,507,427
FLOCCA CCIR Grant FY 2024/25 Allocations	148,566,850
FLOCCA CCIR Grant FY 2025/26 estimates	79,372,115
KWASH	143,157,560
Conditional Grant for Aggregated Industrial Parks Programme	250,000,000
Kenya Devolution Support Programme 2 (KDSP II) Level 2 grant	352,500,000
Kenya Devolution Support Programme 2 (KDSP II)	72,909,500
Roads Maintenance Fuel Levy	66,010,855
Kenya Urban Support Project (KUSP) – UIG	35,000,000
Kenya Urban Support Project (KUSP) - UIG b/f	32,309,300
Basic Salary Arrears for County Governments Health Workers	19,809,159
0.5% Housing Levy	1,987,622
TOTAL	**15,092,729,388**

Source: County Treasury, Mandera County Government

2.2 Revenue Performance Analysis

In the FY 2025/2026, the County received Kshs. 12,265,064,990 as equitable share of revenue raised nationally and raised Kshs. 409,244,624 from own source revenue including the FIF collections.

2.3 Own Source Revenue Performance

The County Government targeted to collect Kshs. 682,525,007 from local sources during the FY 2025/2026. The actual achievement in the FY 2025/2026 was Kshs. 409,244,624 which included FIF collections.

Table 2: Total Local Revenue Collections for the Fourth Quarter of FY 2025/2026

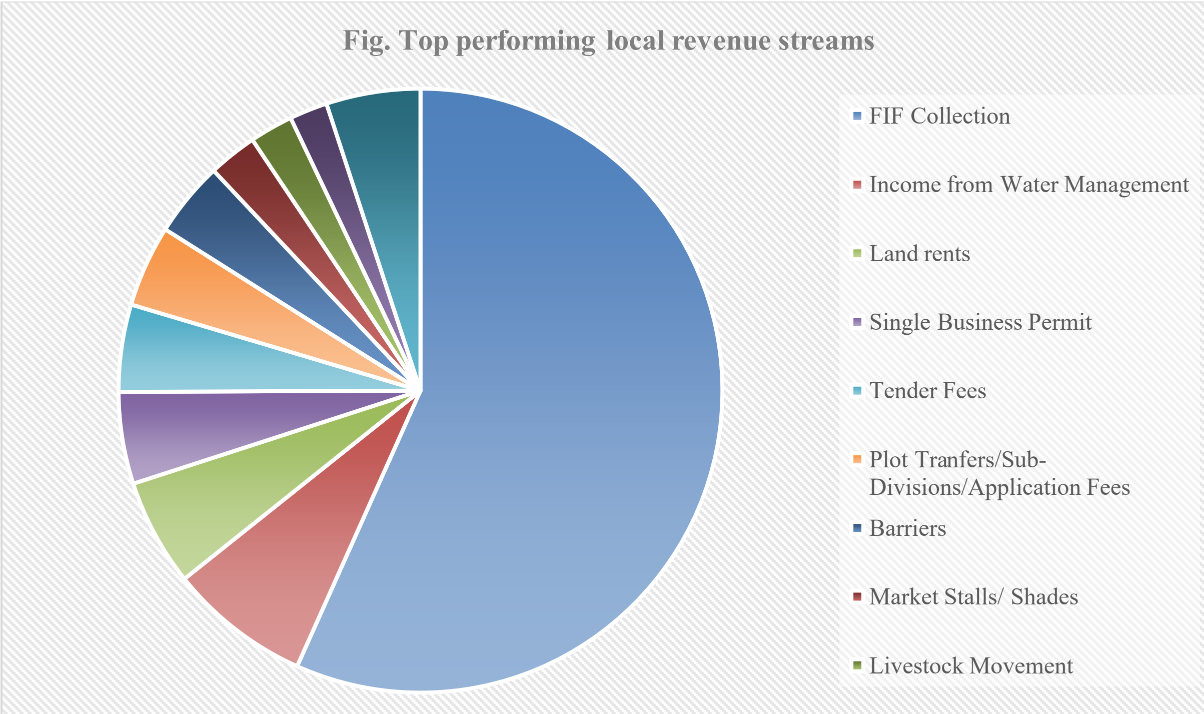
The table below summarizes comparisons between targeted local revenue collections in the FY 2025/2026 and what was realized for the period under review.

OWN SOURCE REVENUE COLLECTION FY 2025/2026		
Revenue Sources	**Target**	**Total**
Land rents	76,640,271	**23,440,188**
Plot Transfers/Sub-Divisions/Application Fees	27,590,500	**17,872,510**
Building plan	3,270,000	**998,450**
Miraa Movements	9,034,500	**8,328,000**
Single Business Permit	37,402,728	**20,127,508**
Market Stalls/ Shades	18,148,637	**10,688,075**
Market Gates/Cess	1,400,650	**705,647**
Buspark/Taxis/Parking	3,600,000	**144,470**
Income from Quarries	1,084,180	**868,800**
Barriers	23,335,950	**16,459,945**
Livestock Markets Auction	8,984,555	**5,419,430**
Livestock Movement	15,416,646	**9,509,260**
Slaughter fees and Charges	8,924,150	**5,409,374**
Produce Cess	3,872,037	**849,790**
Agriculture Mechanization/Hire of Equipment	1,850,196	**213,000**
Rental income	1,915,000	**1,708,018**
Tender Fees	45,500,000	**19,108,692**
Public Health	4,200,000	**3,550,120**
Fire Service Fees	2,580,000	**754,800**
Income from Water Management	65,250,000	**31,048,974**
FIF Collection	322,525,007	**232,039,573**
Grand Total	**682,525,007**	**409,244,624**

Source: Department of Revenue Services, Mandera County Government

Table 3: Monthly OSR Performance per Stream

In the period under review, the County's top performing streams included Hospital/Health collections (FIF), Income from water management, Land rents, Single Business Permit, tender fees, Plot Tranfers/Sub-Divisions/Application Fees and barriers as shown in the figure that follows:



The monthly collection breakdown is shown in tables that follows.

FY 2025/2026 Total monthly local revenue collection		
Month	**Amount Collected**	**Cumulative collection**
July	19,938,980	19,938,980
August	32,446,409	52,385,389
September	21,866,296	74,251,685
October	32,996,673	107,248,358
November	41,829,766	149,078,124
December	25,938,795	175,016,919
January	28,718,419	203,735,338
February	22,561,787	226,297,125
March	49,126,466	275,423,591
April	52,844,979	328,268,570
May	36,205,906	364,474,476
June	44,770,147	409,244,624
Total Collections	**-**	**409,244,624**

DEPARTMENT OF REVENUE														
OWN SOURCE REVENUE COLLECTION FY 2025/2026														
Revenue Sources	**Target**	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**Total**
Land rents	76,640,271	1,912,250	1,864,000	2,979,500	2,406,787	1,988,600	1,640,600	2,730,762	1,876,400	1,406,000	1,350,500	2,104,727	1,180,061	**23,440,188**
Plot Tranfers/Sub-Divisions/Application Fees	27,590,500	1,291,000	1,240,500	1,492,000	1,328,000	1,201,500	3,089,000	3,937,930	1,141,080	934,000	940,000	-	1,277,500	**17,872,510**
Building plan	3,270,000	15,000	23,000	12,000	48,000	67,000	93,300	193,000	127,000	124,870	124,900	67,380	103,000	**998,450**
Miraa Movements	9,034,500	450,000	310,000	450,000	550,000	908,000	900,000	960,000	820,000	600,000	700,000	860,000	820,000	**8,328,000**
Single Business Permit	37,402,728	611,000	183,000	414,500	139,800	155,000	191,000	2,599,400	2,120,000	2,636,700	4,594,000	3,691,508	2,791,600	**20,127,508**
Market Stalls/ Shades	18,148,637	780,120	703,120	729,500	972,710	863,300	1,196,860	155,900	55,725	109,200	2,002,160	1,972,130	1,147,350	**10,688,075**
Market Gates/Cess	1,400,650	-	-	83,496	56,830	54,290	105,230	96,626	59,200	51,750	52,185	58,530	87,510	**705,647**
Buspark/Taxis/Parking	3,600,000	-	-	20,790	39,560	13,990	5,900	15,800	16,300	11,200	-	6,080	14,850	**144,470**
Income from Quaries	1,084,180	74,200	120,300	138,700	125,100	100,600	88,300	50,500	63,100	35,700	5,300	18,000	49,000	**868,800**
Barriers	23,335,950	1,418,200	1,118,730	1,415,866	1,604,270	1,080,760	1,432,863	797,061	707,098	693,924	1,849,493	2,166,791	2,174,889	**16,459,945**
Livestock Markets Auction	8,984,555	402,360	364,600	419,650	691,250	103,500	291,300	409,700	356,400	389,900	421,400	720,350	849,020	**5,419,430**
Livestock Movement	15,416,646	737,600	760,500	909,540	310,300	1,896,590	1,176,980	453,800	807,000	470,900	417,200	829,850	739,000	**9,509,260**
Slaughter fees and Charges	8,924,150	371,159	351,750	403,200	453,775	445,920	477,350	512,700	511,450	462,000	495,420	448,450	476,200	**5,409,374**
Produce Cess	3,872,037	174,910	73,460	112,100	116,700	166,500	25,300	26,100	64,200	85,250	-	-	5,270	**849,790**
Agriculture Mechanization/Hire of Equipments	1,850,196	150,000	22,000	23,000	6,000	12,000	-	-	-	-	-	-	-	**213,000**
Rental income	1,915,000	559,618	-	367,800	125,600	126,200	-	131,700	130,100	133,500	133,500	-	-	**1,708,018**
Tender Fees	45,500,000	738,692	-	-	6,156,287	6,793,525	-	50,000	-	120,000	892,490	4,357,698	-	**19,108,692**
Public Health	4,200,000	44,000	57,400	67,800	77,400	91,800	84,950	794,570	1,028,400	730,250	401,350	91,000	81,200	**3,550,120**
Fire Service Fees	2,580,000	7,000	5,000	9,000	-	-	-	97,300	281,000	175,500	134,000	34,000	12,000	**754,800**
FIF Collection	322,525,007	7,515,929	22,102,228	8,009,904	14,107,921	23,480,971	12,429,862	11,753,715	10,123,136	38,364,327	37,006,081	16,884,922	30,260,577	**232,039,573**
Income from Water Management	65,250,000	2,685,942	3,146,821	3,807,950	3,680,383	2,279,720	2,710,000	2,951,855	2,274,198	1,591,495	1,325,000	1,894,490	2,701,120	**31,048,974**
Grand Total	**682,525,007**	**19,938,980**	**32,446,409**	**21,866,296**	**32,996,673**	**41,829,766**	**25,938,795**	**28,718,419**	**22,561,787**	**49,126,466**	**52,844,979**	**36,205,906**	**44,770,147**	**409,244,624**

Source: Department of Revenue Serices, Mandera County Government

From the above analysis, the highest County Own Source Revenue collection was realized in the month of April 2026 amounting to Kshs. 52,844,979 followed by the month of March 2026 in which Kshs. 49,126,466 was collected while the least collection was in the month of July 2025 amounting to Kshs. 19,938,980.

The following challenges were encountered in the local revenue collections:

- Closure of quarries
- Border closures with Somalia and Ethiopia.
- General tough economic conditions.
- Understaffing and insufficient legislation to reinforce establishment and enforcement of new revenue streams.

2.4 Exchequer Issues

The Controller of Budget approved exchequer withdrawal of Kshs.13.62 billion from the County Revenue Fund (CRF) account. This amount consisted of Kshs. 4,307,806,433 (32 per cent) designated for development programmes and Kshs. 9,242,662,021 (68 per cent) allocated for recurrent programmes.

2.4 Conditional Grants

The County received Kshs. 983,162,105 as Conditional Grants in the reporting period.

Table 4: Revenue Performance by Source (July 2025- June 2026)

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
		A	B	C	D=B+C	F=D/A*100
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	347,553,249	347,553,249	-	347,553,249	100
	Sub-Total	**347,553,249**	**347,553,249**	**-**	**347,553,249**	100
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	12,265,064,993	12,265,064,990		**12,265,064,990**	100
	Sub-Total	**12,265,064,993**	**12,265,064,990**	**-**	**12,265,064,990**	100
C	**Additional Allocations (Including Grants)**					
1	FLOCCA CCIR Grant FY 2024/25 Allocations (Received)	148,566,850	148,566,850	-	148,566,850	100
2	Food Systems Resilience Project (FSRP)	246,153,846	244,752,079		244,752,079	99

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in FY 2025/26 (Kshs.)	Total Revenues (on accrual basis) in FY 2025/26 (Kshs.)	Revenue Performance
3	Kenya Urban Support Project (KUSP) – UDG	171,842,327	170,152,989		170,152,989	99
4	KWASH	143,157,560	141,979,713		141,979,713	99
5	Kenya Devolution Support Programme 2 (KDSP II)	72,909,500	70,503,589		70,503,589	96
6	Roads Maintenance Fuel Levy	66,010,855	66,010,855		66,010,855	100
7	DANIDA Grant - Primary Health Care	16,473,000	16,473,000		16,473,000	100
8	FLOCCA County Climate Institutional Support Grant	11,000,000	11,000,000		11,000,000	100
9	Kenya Devolution Support Programme 2 (KDSP II) Level 2 grant	352,500,000	-		-	-
10	Kenya Urban Support Project (KUSP) - UIG	35,000,000	-		-	-
11	Kenya Urban Support Project (KUSP) - UIG b/f	32,309,300	-		-	-
12	Basic Salary Arrears for County Governments' Health Workers	19,809,159	-		-	-
13	DANIDA Grant - Primary Health Care for FY 2023/2024 (Not received)	18,653,250	-		-	-
14	Community Health Promoters Program	18,540,000	-		-	-
15	FLOCCA CCIR Grant FY 2023/2024 Allocations B/f (Amount in SPA)	16,507,427	16,507,427		16,507,427	100
16	Conditional Grant for Aggregated Industrial Parks Programme	250,000,000			-	-
17	FLOCCA CCIR Grant FY 2025/26 estimates	79,372,115	28,000,504		28,000,504	35
18	FSRP b/f	70,127,131			-	
19	DANIDA Grant - Primary Health Care (B/f)	15,746,250			-	
20	Kenya Agricultural Business Development Project	10,918,919			-	
21	0.5% Housing Levy	1,987,622			-	
22	Allocation for Mineral royalties	1,028			-	
	Sub-Total	**1,797,586,139**	**885,946,502**	**-**	**885,946,502**	49
D	**Ordinary Own Source Revenue (OSR)**					
1	Own Source Revenue Projections	360,000,000	177,205,051	-	177,205,051	49
	Sub-Total	**360,000,000**	**177,205,051**	**-**	**177,205,051**	49
E	**Facility Improvement Financing (FIF)**					
1	SHIF	322,525,007.00	232,039,573	-	232,039,573	71
	Sub-Total	**322,525,007**	**232,039,573**	**-**	**232,039,573**	71
	Grand Total	**15,092,729,388**	**13,907,809,365**	**-**	**13,907,809,365**	**92**

Source: County Treasury, Mandera County Government

In the year under review, the county generated Kshs.409.2 million from its revenue sources, including FIF. This amount was a decrease of 4.91 per cent compared to Kshs. 431.17 realised in a similar period in FY 2024/25, and was 60 per cent of the annual target. The decrease in OSR resulted from a general decline in economic activities in the county.

3.0 Overall Expenditure Analysis

The county spent Kshs. 13,550,468,454 on development and recurrent programmes in the reporting period. The expenditure comprised Kshs. 4,307,806,433 for development programmes and Kshs. 9,242,662,021 for recurrent programmes. Expenditure on development programmes represented an absorption rate of 80 per cent, while recurrent expenditure represented 95 per cent of the annual recurrent expenditure budget.

3.1 Expenditure by Economic Classification

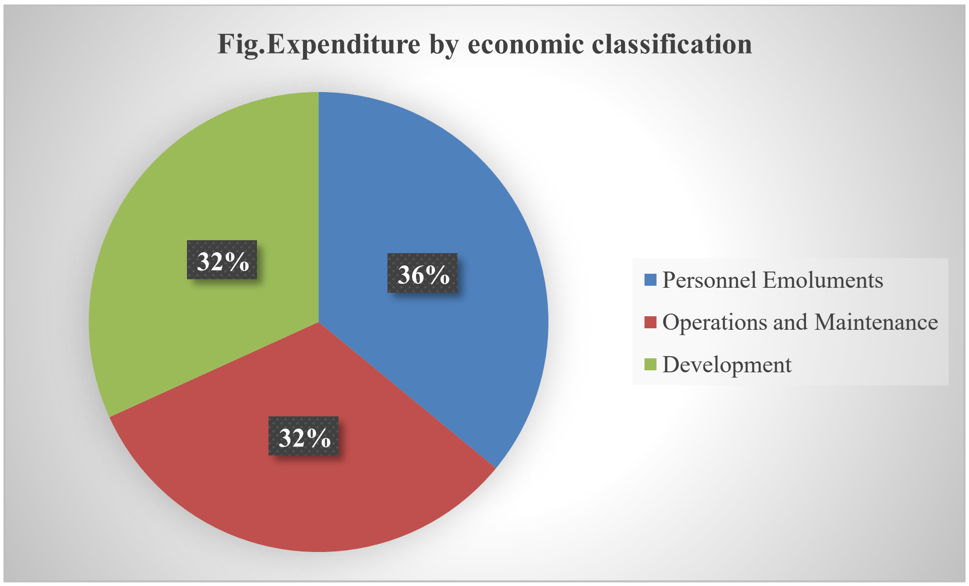


Figure 2: Expenditure by Economic Classification

The county incurred 36% of expenditure on Personnel Emoluments while expenditure on Operations & Maintenance as well as on development programmes accounted for 32% each.

3.2 Budget and Budget Performance by County Departments

3.2.1 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 5 shows the breakdown of county's budget per Department in FY 2025/2026.

Table 5: Resource allocation among the ministries

Departments	Recurrent Expenditure	Development Expenditure	Total
Agriculture, Livestock and Fisheries	288,229,209	559,590,531	847,819,740
Education and Human Capital Development	1,119,452,254	300,119,586	1,419,571,840
Social Development	419,485,240	140,961,849	560,447,089
Finance and Economic Planning	465,232,812	3,799,408	469,032,220
Health Services	2,950,479,429	425,817,243	3,376,296,672
Trade and Cooperative Development	66,858,611	297,964,332	364,822,943
County Assembly	917,936,058	17,160,000	935,096,058
Lands and Urban Development	137,289,337	655,453,147	792,742,484
County Executive Services	517,217,719		517,217,719
Office of the County Secretary	178,390,315	427,728,165	606,118,480
Office of the County Attorney	79,000,000		79,000,000
County Public Service Board	62,442,521	5,000,000	67,442,521
Public Service Management and Community Cohesion	1,901,437,030	-	1,901,437,030
Roads, Transport and Public Works	262,787,216	413,374,780	676,161,996
Water, Energy, Environment and Climate Change	341,409,601	2,138,112,995	2,479,522,596
GRAND TOTAL	**9,707,647,352**	**5,385,082,036**	**15,092,729,388**

Source: County Treasury, Mandera County Government

The highest beneficiary of the FY 2025/2026 budget allocation was the Department of Health Services getting Kshs 3,376,296,672 (22 percent), Department of Water, Environment and Natural Resources getting Kshs 2,479,522,596 (16 percent), Department of Public Service Management and Community Cohesion getting Kshs. 1,901,437,030 (13 percent), Department of Education and Human Development got Kshs. 1,419,571,840 (9 percent), while the County Assembly and the Department of Agriculture and Livestock got Kshs. 935,096,058 (6 percent) and Kshs. 847,819,740 (6 percent) respectively. Other departments were allocated below 6 percent.

3.2.2 Departmental Expenditure Analysis

During the period under review, the county executive incurred expenditures totaling to Kshs. 13,550,468,454 on both development and recurrent activities. This absorption accounted for 90% of the total approved budget.

Department	Budgeted Amount (Kshs)	Recurrent Expenditure	Development Expenditure	Total (Kshs)
Agriculture, Livestock and Fisheries	847,819,740	280,995,988	449,741,776	730,737,764
Education and Human Capital Development	1,419,571,840	1,096,586,539	292,402,135	1,388,988,674
Social Development	560,447,089	419,484,281	114,401,158	533,885,439
Finance and Economic Planning	469,032,220	464,588,532	799,408	465,387,940
Health Services	3,376,296,672	2,657,736,638	407,707,356	3,065,443,994
Trade and Cooperative Development	364,822,943	66,841,634	38,849,127	105,690,761
County Assembly	935,096,058	868,610,378	2,159,654	870,770,032
Lands and Urban Development	792,742,484	136,401,596	584,995,671	721,397,267
County Executive Services	517,217,719	510,813,611	-	510,813,611
Office of the County Secretary	606,118,480	175,569,526	47,382,990	222,952,516
Office of the County Attorney	79,000,000	67,685,948	-	67,685,948
County Public Service Board	67,442,521	61,079,711	-	61,079,711
Public Service Management, Conflict Management and Community Cohesion	1,901,437,030	1,841,048,111	-	1,841,048,111
Roads, Transport and Public Works	676,161,996	256,842,856	409,778,239	666,621,095
Water, Energy, Environment and Climate Change	2,479,522,596	338,376,672	1,959,588,919	2,297,965,591
TOTAL	**15,092,729,388**	**9,242,662,021**	**4,307,806,433**	**13,550,468,454**

Source: County Treasury, Mandera County Government

3.2.2.1 Development expenditure performance by departments

In the FY 2025/2026, the County's gross development budget was Kshs. 5,385,082,036. An expenditure of Kshs. 4,307,806,433 representing 80% of the development vote was utilized during the financial year.

The Department of Roads, Transport and Public Works was the highest spender with an absorption rate of 99% followed by the Department of Education and Human Capital and the Department of Health Services at 97% and 96% respectively. The Department of Water, Energy, Environment and Climate Change and the Department of Lands and Urban Development were the fourth and fifth highest spenders at an absorption rate of 92% and 89% respectively. The worst performers were the Department of Trade and Cooperative Development, the County Assembly and the Office of the County Secretary, which had an expenditure of 13%, 13% and 11% respectively under the development vote.

The following factors were responsible for low absorption rate;

- Late budget approval
- Delays in approval of request for funds by office of controller of budget
- Late releases of the exchequer by the National Treasury
- IFMIS related challenges
- Late initiation of procurement process and hence late initiation of development projects

The table 7 analyses development expenditure performance by ministries

Department	Development (Kshs)	Development Expenditure	%
Agriculture, Livestock and Fisheries	559,590,531	449,741,776	80%
Education and Human Capital Development	300,119,586	292,402,135	97%
Social Development	140,961,849	114,401,158	81%
Finance and Economic Planning	3,799,408	799,408	21%
Health Services	425,817,243	407,707,356	96%
Trade and Cooperative Development	297,964,332	38,849,127	13%
County Assembly	17,160,000	2,159,654	13%
Lands and Urban Development	655,453,147	584,995,671	89%
County Executive Services	0	-	0%
Office of the County Secretary	427,728,165	47,382,990	11%
Office of the County Attorney	0	-	0%
County Public Service Board	5,000,000	-	0%

Public Service Management, Conflict Management and Community Cohesion	0	-	0%
Roads, Transport and Public Works	413,374,780	409,778,239	99%
Water, Energy, Environment and Climate Change	2,138,112,995	1,959,588,919	92%
TOTAL	**5,385,082,036**	**4,307,806,433**	**80%**

Source: County Treasury, Mandera County Government

3.2.2.2 Recurrent expenditure performance by departments

In comparison to the development vote, the County performed well in the execution of the recurrent budget in the FY 2025/2026. The County had a total recurrent budget of Kshs. 9,707,647,352. An expenditure of Kshs. 9,242,662,021 representing 95% of the recurrent vote was utilized during the period under review. Eleven Departments recorded an absorption above 95%. The Department of Finance and Economic Planning, Social Development, and the Department of Trade and Cooperative Development recorded the highest overall absorption rate at 100% each followed by the Department of Water, Energy, Environment and Climate Change and the Department of Lands and Urban Development at 99% each. The rest of the Departments recorded between 98% and 95% except the Office of the Department of Health Services which was the lowest spender at an absorption rate of 90%.

Overall, the recurrent vote performed better than the development vote.

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

- Delay in budget approval processes
- Slow release of funds from National Treasury
- Delays in approval of request for funds
- Technical and capacity challenges in application of IFMIS
- Network connectivity challenges
- Other expenditure pressures

The table 8 analyses recurrent expenditure performance by ministries.

Department	Recurrent (Kshs)	Recurrent Expenditure	%
Agriculture, Livestock and Fisheries	288,229,209	280,995,988	97%
Education and Human Capital Development	1,119,452,254	1,096,586,539	98%
Social Development	419,485,240	419,484,281	100%
Finance and Economic Planning	465,232,812	464,588,532	100%

Health Services	2,950,479,429	2,657,736,638	90%
Trade and Cooperative Development	66,858,611	66,841,634	100%
County Assembly	917,936,058	868,610,378	95%
Lands and Urban Development	137,289,337	136,401,596	99%
County Executive Services	517,217,719	510,813,611.40	0%
Office of the County Secretary	178,390,315	175,569,526	98%
Office of the County Attorney	79,000,000	67,685,948.00	0%
County Public Service Board	62,442,521	61,079,711.00	98%
Public Service Management, Conflict Management and Community Cohesion	1,901,437,030	1,841,048,111.25	0%
Roads, Transport and Public Works	262,787,216	256,842,856	98%
Water, Energy, Environment and Climate Change	341,409,601	338,376,672	99%
TOTAL	**9,707,647,352**	**9,242,662,021**	**95%**

Source: County Treasury, Mandera County Government

3.3 Settlement of Pending Bills

The County executive had pending bills totalling Kshs. 2.49 billion as of 30 June 2025. The pending bills consisted of Kshs. 1.18 billion for recurrent expenditures and Kshs. 1.31 billion for development expenditures. During the year, the County settled pending bills amounting to Kshs.897.57 million, comprising Kshs.405.45 million (45.17 per cent) for recurrent programmes and Kshs.492.12 million (54.83 per cent) for development programmes. The outstanding trade payables as of 30 June 2026 were Kshs.3.8 billion for the County Executive.

Table: Trade Payables as of 30 June 2026 – County Executive

Period	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	1,309,515,262	1,184,279,219	2,493,794,481
Amount paid in FY 2025/26	County Executive	492,121,300	405,452,470	897,573,770
Trade Payables Incurred in FY 2025/26	County Executive	1,272,666,291	930,126,895	2,202,793,186
Outstanding Trade Payables as of 30 June 2026 (Kshs.)	County Executive	2,090,060,253	1,708,953,645	3,799,013,897

3.4 Performance of County Corporations

The County has 3 County Corporations and 2 municipalities, which were allocated Kshs.725 million in FY 2025/26. Their total transfers to these entities during the review period amounted to Kshs.358.94 million as shown in the table that follows.

Table: Performance of Mandera County Corporations, Municipalities and Agencies in FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Mandera Water and Sewerage Company	97,000,000	97,000,000	97,000,000	1,401,100,897
2	Elwak Water and Sewerage Company	108,040,000	108,040,000	108,040,000	458,000,000
3	Takaba Water and Sewerage Company	34,960,000	34,400,000	34,400,000	43,310,000
4	Mandera Municipality	245,500,000	245,500,000	356,877,768	2,336,999,000
5	Elwak Municipality	149,500,000	149,500,000	216,138,535	620,625,131
	Total	**635,000,000**	**635,440,000**	**812,456,303**	**4,860,035,028**

Source: *Mandera County Treasury*

The variance between exchequer issues and actual transfers is due to grants (KUSP grant) issued to Mandera and Elwak municipalities.

3.5 Facility Improvement Financing

During the period under review, the County collected Kshs.232 million as FIF, which was 72 per cent of the annual target of Kshs.322 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

3.6 Budget Execution by Programmes and Sub-Programmes

Table 9 shows a summary of the budget execution by programmes and sub-programmes between July 2025 to June 2026 of the FY 2025/2026.

Programme	**Sub-Programme**	**Gross Approved Estimates FY 2025/26 (Kshs.)**		**Expenditure (including accrued expenditure) as of 31st March 2026 (Kshs.)**		**Absorption Rate (%)**	
		Recurrent	**Development**	**Recurrent**	**Development**	**Recurrent**	**Development**
Agriculture, Livestock and Fisheries							
General Administration & Support Services	General Administration & Support Services	149,108,656	-	147,837,340	-	99%	0%
Livestock Resources Management and Development	Livestock Resources Management and Development	65,000,000	144,223,885	64,038,095	121,958,072	99%	85%
Food Security and Sustainable Agriculture	Crop Management and Development	44,205,990	381,866,646	43,705,990	294,416,897	99%	77%
Irrigation Development and Management	Irrigation Development and Management	29,914,563	33,500,000	25,414,563	33,366,807	85%	100%
	Sub Total	**288,229,209**	**559,590,531**	**280,995,988**	**449,741,776**	**97%**	**80%**
Land and Urban Development							
General Administration & Support Services	General Administration & Support Services	61,739,337	-	61,567,007	-	100%	0%
Land Use Planning and Survey	Land Use Planning and Survey	10,050,000	21,301,520	10,044,535	19,978,368	100%	94%
Physical Planning housing and urban development	Physical Planning housing and urban development	4,700,000	634,151,627	4,647,428	565,017,303	99%	89%
Solid Waste Management	Solid Waste Management	60,800,000	-	60,142,626	-	99%	0%
	Sub-Total	**137,289,337**	**655,453,147**	**136,401,596**	**584,995,671**	**99%**	**89%**
Roads, Public Works and Transport							
General Administration & Support Services	General Administration & Support Services	143,002,150	-	143,002,150	-	100%	0%
Road And Air Transport Infrastructure Development	Road And Air Transport Infrastructure Development	111,285,066	349,684,389	110,300,223	349,580,995	99%	100%
Public Works Management	Public Works Management	8,500,000	63,690,391	3,540,483	60,197,244	42%	95%
	Sub-Total	**262,787,216**	**413,374,780**	**256,842,856**	**409,778,239**	**98%**	**99%**
Trade and Cooperative Development							

General Administration and Planning	General Administration and Planning	44,658,611	-	44,658,611	-	100%	0%
Cooperative Development and Promotion	Cooperative Development and Promotion	11,700,000	5,000,000	11,700,000	-	100%	0%
Trade Development and Promotion	Trade Development and Promotion	10,500,000	292,964,332	10,483,023	38,849,127	100%	13%
	Sub-Total	**66,858,611**	**297,964,332**	**66,841,634**	**38,849,127**	**100%**	**13%**
Health Services							
General Administration and Planning	General Administration and Planning	1,758,041,072	-	1,756,095,751	-	100%	0%
Preventive, Promotive and Reproductive Health Services	Preventive, Promotive and Reproductive Health Services	197,528,471	227,059,949	154,000,887	227,059,949	78%	100%
Curative Rehabilitative and Refferal Services	Curative Rehabilitative and Refferal Services	994,909,886	198,757,294	747,640,000	180,647,407	75%	91%
	Sub-Total	**2,950,479,429**	**425,817,243**	**2,657,736,638**	**407,707,356**	**90%**	**96%**
Education and Human Capital Development							
General Administration and Planning	General Administration and Planning	1,005,202,254	-	982,453,435		98%	0%
Early Childhood Education	Early Childhood Education	89,250,000	188,149,007	89,250,000	186,099,932	100%	99%
Vocational and Technical Training Services	Vocational and Technical Training Services	20,500,000	111,970,579	20,383,104	106,302,203	99%	95%
Education Support Services	Education Support Services	4,500,000	-	4,500,000	-	100%	0%
	Sub-Total	**1,119,452,254**	**300,119,586**	**1,096,586,539**	**292,402,135**	**98%**	**97%**
County Executive Services							
Management of County Affairs	General Administration and Planning	517,217,719	-	510,813,611	-	99%	0%
	Sub-Total	**517,217,719**	**-**	**510,813,611**	**-**	**99%**	**0%**
Office of the County Secretary							
Policy, Leadership and Executive Coordination	Leadership and executive coordination	178,390,315	427,728,165	175,569,526	47,382,990	98%	11%
	Sub-Total	**178,390,315**	**427,728,165**	**175,569,526**	**47,382,990**	**98%**	**11%**
Office of the County Attorney							
Legal and Public Sector Advisory Services	Legal and advisory services	79,000,000	-	67,685,948	-	86%	0%

	Sub-Total	**79,000,000**	**-**	**67,685,948**	**-**	**86%**	**-**
County Public Service Board							
Ethics, Governance and Public Service Values	Ethics, Governance and Public Service Values	62,442,521	5,000,000	61,079,711	-	19%	0%
	Sub-Total	**62,442,521**	**5,000,000**	**61,079,711**	**-**	**19%**	**-**
County Assembly							
Legislation and Representation	Legislation and Representation	917,936,058	17,160,000	868,610,378	2,159,654	95%	13%
	Sub-Total	**917,936,058**	**17,160,000**	**868,610,378**	**2,159,654**	**95%**	**13%**
Finance and Economic Planning							
General Administration and Planning	Administration Planning	301,584,812	-	301,286,864	-	100%	0%
Public Finance Management	Accounting Services	6,500,000	3,000,000	6,306,000	-	97%	0%
	Financial Services and Report	2,500,000	-	2,445,279	-	98%	0%
	Internal Audit Services	2,300,000	-	2,300,000	-	100%	0%
	Supply Chain Management Affairs	9,500,000	-	9,485,000	-	100%	0%
	County Asset Management system	2,500,000	-	2,474,000	-	99%	0%
Economic Planning and Statistics	County Economic Planning and Statistics	44,500,000	-	44,481,189	-	100%	0%
Revenue Collection and Enhancement	Revenue Collection and Enhancement	70,748,000	799,408	70,747,200	799,408	100%	100%
ICT and E-Government Services	ICT and E-Government Services	25,100,000	-	25,063,000	-	100%	0%
	Sub-Total	**465,232,812**	**3,799,408**	**464,588,532**	**799,408**	**100%**	**21%**
County Public Service Management							
General Administration and Planning	Administration Planning	1,877,473,034	-	1,817,814,099	-	97%	0%
Devolved Governance and Enforcement Services	Devolved Governance and Enforcement Services	-	-	-	-	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	23,963,996	-	23,234,012	-	97%	0%
	Sub-Total	**1,901,437,030**	**-**	**1,841,048,111**	**-**	**97%**	**-**
Social Development							
General Administration and Planning	Administration Planning	51,656,157	-	51,656,157	-	100%	0%
Women Empowerment and Affirmative Action	Women Empowerment and Affirmative Action	7,700,000	7,000,000	7,700,000	-	100%	0%
Youth Empowerment and Sports	Youth Empowerment and Sports	14,500,000	80,961,970	14,500,000	69,451,158	100%	86%
Culture and Gender Development promotion	Culture and Gender Development promotion	4,850,000	5,000,000	4,850,000	-	100%	0%
Disaster Preparedness and Management	Disaster Preparedness and Management	340,779,083	47,999,879	340,778,124	44,950,000	100%	94%
	Sub-Total	**419,485,240**	**140,961,849**	**419,484,281**	**114,401,158**	**100%**	**81%**
Water , Energy, Environment and Climate Change							
General Administration and Planning	Administration Planning	182,609,601	-	182,609,601	-	100%	0%
Water and Sewarage Management	Water and Sewarage Management	122,300,000	1,682,426,603	122,300,000	1,619,970,822	100%	96%
Energy and Natural Resources	Energy and Natural Resources	10,700,000	46,240,000	9,537,698	42,252,320	89%	91%
Environment and Climate Change	Environment and Climate Change	25,800,000	409,446,392	23,929,373	297,365,777	93%	73%
	Sub-Total	**341,409,601**	**2,138,112,995**	**338,376,672**	**1,959,588,919**	**99%**	**92%**
Grand Total		**9,707,647,352**	**5,385,082,036**	**9,242,662,021**	**4,307,806,433**	**95%**	**80%**

Source: County Treasury, Mandera County Government

The development sub-programmes with the highest levels of budget implementation, based on absorption rates, were: Preventive, Promotive and Reproductive Services in the Department of Health at 100 per cent, Revenue Collection and Enhancement in the Department of Finance at 100 per cent, and Road Transport Infrastructure in the Department of Roads at 99 per cent.

Conversely, the recurrent sub-programmes with the highest levels of budget implementation, based on absorption rates, were: General Administration and Support Services in the Department of Roads at 100 per cent, Cooperative Development in the Department of Trade at 100 per cent, and Early Childhood Development in the Department of Education at 100 per cent.

4.0 IMPLEMENTATION CHALLENGES, LESSONS LEARNT AND WAY FORWARD

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

Delay in fund disbursements by the National Treasury

Frequent delays in the fund disbursement throughout the financial year led to enormous expenditure pressures

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.

5.0 RECOMMENDATIONS

Mandera County Government has made some significant improvements in addressing some of the majorly 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 liaise and cooperate 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 liaise 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. OSR collections efforts can be heightened by putting in place mechanisms like proper enforcements, restructuring of revenue controls, mapping the revenue sources and enactment of relevant legislations.
- 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.
- Departments should capacity build their human capital so as to increase their efficiency and productivity.
- The County should leverage on technology to enhance efficiency. Provision of enough ICT infrastructures is required to enhance the IFMIS network to avoid financial delays.