



COUNTY GOVERNMENT OF MANDERA
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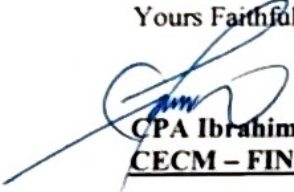
Clerk;
Mandera County Assembly

Dear Sir,

RE: SUBMISSION OF MANDERA COUNTY BUDGET REVIEW AND OUTLOOK PAPER(CBROP)

Pursuant to the provision of Public Finance Management Act, 2012, section 118, attached herewith, please find the Mandera County Budget Review and Outlook Paper (CBROP), 2026.

Yours Faithfully,


CPA Ibrahim Mohamed Adan, OGW
CECM – FINANCE AND ECONOMIC PLANNING



30th September 2026



C. J. J.



COUNTY GOVERNMENT OF MANDERA



COUNTY BUDGET REVIEW AND OUTLOOK PAPER (CBROP)

SEPTEMBER, 2026

@2026 County Budget Review and Outlook Paper (CBROP)

To obtain copies of the document, please contact:

Economic Planning and Statistics Office/The County Treasury

The County Headquarters Building

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

The document is also available on the website at: www.mandera.go.ke

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.

ABBREVIATIONS

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

FOREWORD

This County Budget Review Outlook Paper (CBROP) was prepared as required by section 118 of the Public Finance Management Act, 2012. It reviews the actual fiscal performance of the financial year 2025/2026 and makes comparisons to the budget appropriations of the same year. It also provides the recent economic developments and the updated economic and financial forecast with sufficient information to show changes from the forecast in the County Fiscal Strategy Paper (CFSP) of February, 2026.

In reviewing the fiscal performance, this paper analyzes the performance of County Own generated revenue in the FY 2025/2026. It has included the total revenue collected and made comparison to the budgeted revenue for the same year. In addition, possible causes of the underperformance in revenues are also highlighted. The paper also provides departmental expenditures for both recurrent and development for the year under review. A comparison of actual performance against targets for FY 2025/2026 is provided. The preparation of this CBROP will be an important tool that will help in the formulation of 2027/2028 budget and will also provide foundation for the 2027 CFSP.

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

The FY 2025/2026 was faced with several challenges such as high debt burden at the National level, late disbursement of funds by the National Government and local revenue underperformance. Nevertheless, the County's overall fiscal performance for the FY 2025/2026 was largely satisfactory although it recorded a lower performance in comparison to the previous financial year.

CPA.Ibrahim Mohamed Adan, OGW.

Executive Committee Member - Finance and Economic Planning

ACKNOWLEDGEMENT

The County Budget Review and Outlook Paper (CBROP) is a statutory policy document in the review and analysis of County budget performance. The Mandera County Budget Review and Outlook Paper 2026 has been prepared in accordance with the Public Finance Management (PFM) Act, 2012 and its Regulations. The paper provides the fiscal performance for the FY 2025/26, the macro-economic outlook, financial projections for the FY 2027/28 and the Medium-Term Expenditure Framework. The paper also provides an overview of how the actual performance of the FY 2025/26 affected our compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act, 2012.

The preparation of this review paper was a collaborative effort of various County departments and entities. I thank H.E the Governor and H.E the Deputy Governor for their leadership and guidance. I also thank all the County Executive Committee Members and the Chief Officers for the coordination of their departments that ensured timely provision of useful data and information on budget execution for the FY 2025/26.

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

Ismail Omar

Chief Officer, Economic Planning and Statistics

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

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

1) A County Treasury shall;

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

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

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

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

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

c) information on

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

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

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

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

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

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

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

Responsibility Principles in the Public Financial Management Law

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

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

- i. The county government's recurrent expenditure shall not exceed the county government's total revenue
- ii. Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure
- iii. The County government's expenditure on wages and benefits for public officers shall not exceed a percentage of the County government revenue as prescribed by the regulations.
- iv. Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- v. Public debt and obligations shall be maintained at a sustainable level as approved by County Government (CG)
- vi. Fiscal risks shall be managed prudently
- vii. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in the future

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CHAPTER ONE

1.1 Introduction

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

The PFM Act 2012 requires every County to prepare a CBROP by 30th September of every financial year and submit the same to the County Executive Committee. Upon consideration by the County executive committee, the CBROP must be submitted to the County assembly by the 21st October for consideration and approval. As per the requirement of the PFM Act, this CBROP contains a review of the fiscal performance of the FY 2025/2026.

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

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

1.2 Objective of the CBROP

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

- a. Provide a review of the County Fiscal performance in the financial year 2025/2026 compared to the appropriation of that year and how this had an effect on the Economic performance of the county.
- b. Provide an updated economic and financial forecast with sufficient information to show any Changes from the most recent forecasts which may have been provided in fiscal documents like the CFSP.
- c. Reasons for any deviations from the financial objectives in the CFSP with the proposals to address the deviation.

1.3 The structure of the CBROP

The CBROP has five chapters. Chapter one includes introduction and objectives of CBROP. Chapter two provides a review of the fiscal performance in FY 2025/2026 and its implications on the financial objectives. This is followed by brief highlights of the recent economic development, updated macroeconomic outlook and County specific outlook in chapter three. Chapter four provides the resources allocation framework while chapter five gives the conclusions and recommendations.

CHAPTER TWO: REVIEW OF FISCAL PERFORMANCE IN THE FINANCIAL YEAR 2025/2026

2.0 Overview

This chapter discusses the 2025/2026 budget performance and its implementation. It provides comparisons between actual budget performances against the targeted results. This will be useful in providing a basis for setting out broad fiscal parameters for subsequent budgets as well as a way forward for Mandera County.

2.1 Fiscal Performance

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

In the FY 2025/2026 the County had a Budget Resource Envelope 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. The allocation to development was in line with Fiscal Responsibility requirements in the PFM Act, 2012 (section 107) requiring that at least 30% of the County Budget be dedicated for development activities. The County Budget revenues were made up of transfers from the Equitable Share, National Government Conditional Grants, Donor Funding, Own Source Revenues (OSRs) and Unspent Balances carried forward from the 2024/2025 Financial Year.

The County's fiscal performance for the FY 2025/2026 was majorly satisfactory despite existence of numerous challenges occasioned by factors such as late releases of funds from the National Treasury and delays in approval of fund requests by Office of the Controller of Budget. The County Government in its FY 2025/2026 budget anticipated a local collection of Kshs. 682,525,007 which was about 4.52% of the County's annual budget. Kshs. 409,244,624 which translates to 60% of the targeted collection was realized at the end of the financial year. The OSR collections comprised Facilities Improvement Financing (FIF) of Kshs. 232,039,573 and Kshs. 177,205,051 from other OSR sources. On other revenue streams, the equitable share of revenue allocated by Commission on Revenue Allocation accounted for Kshs. 12,265,064,993 (80%). Other notable components of the County's revenue included unutilized funds from the previous financial year and Conditional grants.

During the FY 2025/2026, the County Government of Mandera received cumulative revenues amounting to Kshs 13,907,809,365 from National Government equitable share transfers, conditional

grants, unspent balances from the FY 2024/2025, and own generated revenue sources.

The Controller of Budget approved withdrawal of Kshs. 13.55 billion from the County Revenue Fund (CRF) account, which comprised of Kshs. 4,307,806,433 (32 per cent) for development expenditure and Kshs. 9,242,662,021 (68 per cent) for recurrent expenditure.

The County received Conditional Grants amounting to Kshs. 885,946,502. This comprised of Kshs. 148,566,850 from FLOCCA CCIR Grant, Kshs. 244,752,079 from Food Systems Resilience Project -(FSRP) Kshs. 170,152,989 from Kenya Urban Support Project (KUSP) – UIG, Kshs. 141,979,713 from K-WASH, Kshs 70, 503,589 from Kenya Devolution Support Programme (KDSP 2), Kshs 66,010,855 from Roads Maintenance Fuel Levy and Kshs 16,473,000 from DANIDA for Primary Health Care.

Table 1: Summary of revenue receipts by sources

Revenue Type	Amount (Kshs)
Equitable Share	12,265,064,990
Own Source Revenue	409,244,624
Conditional Grants	885,946,502
Fund Balances	347,553,249
Total	13,907,809,365

Source: *County Treasury*

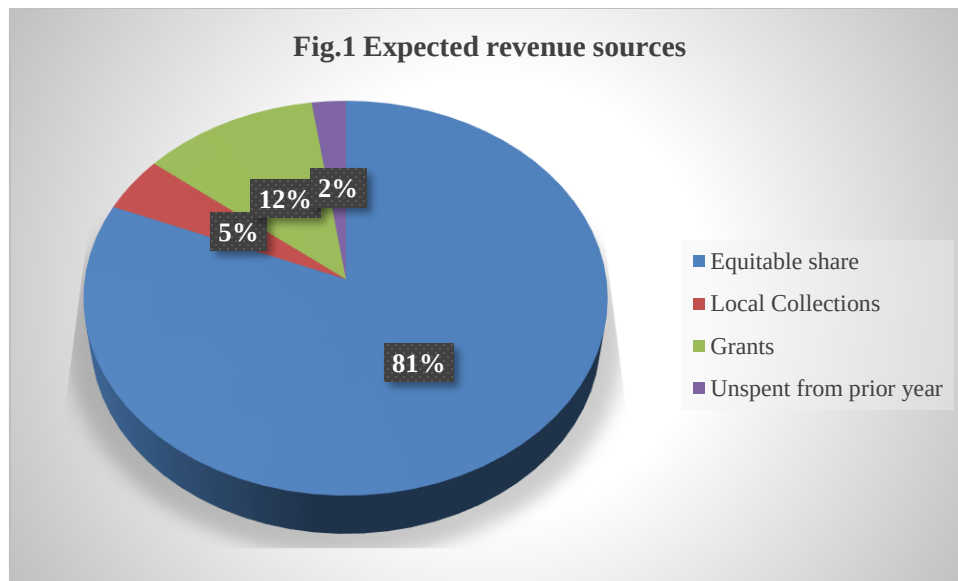


Figure 1: Summary of county receipts by sources

Source: County Treasury

2.2 Revenue Performance

The following table shows revenue analysis for the FY 2025/2026 as realized from local sources and the equitable share from National Government with deviations

Table 2:County Revenue Performance Analysis

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual 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
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			-	

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
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

The County generated a total of Kshs. 409,244,624 from own revenue sources in FY 2025/2026.

The following challenges were, however, notable:

1. Incidences of insecurity such as frequent terror activities along the major highways and border towns have scaled down County's economic prospects.
2. Delayed disbursement of funds from the National Government had negatively affected County's budget execution efforts.
3. The negative economic impacts of the prolonged drought that was experienced in the last two financial periods had caused adverse effects to the course of revenue collection and project implementations.
4. Closure of quarries
5. Border closures with Somalia and Ethiopia.
6. General tough economic conditions.
7. Understaffing and insufficient legislation to reinforce establishment and enforcement of new revenue streams.

Table 3:Monthly OSR Collection Analysis

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

Source: Revenue Directorate, Mandera County Government

The highest County Own Source Revenue collection was realized in the month of April 2026 amounting to Kshs. 52,844,979 followed by March 2026 amounting to Kshs. 49,126,466 and the month of June 2026 in which Kshs. 44,770,147 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 hard economic conditions in the county
- ❖ Understaffing and inefficient legislation to reinforce establishment and enforcement of new revenue streams.

Table 4:Revenue Collection by streams

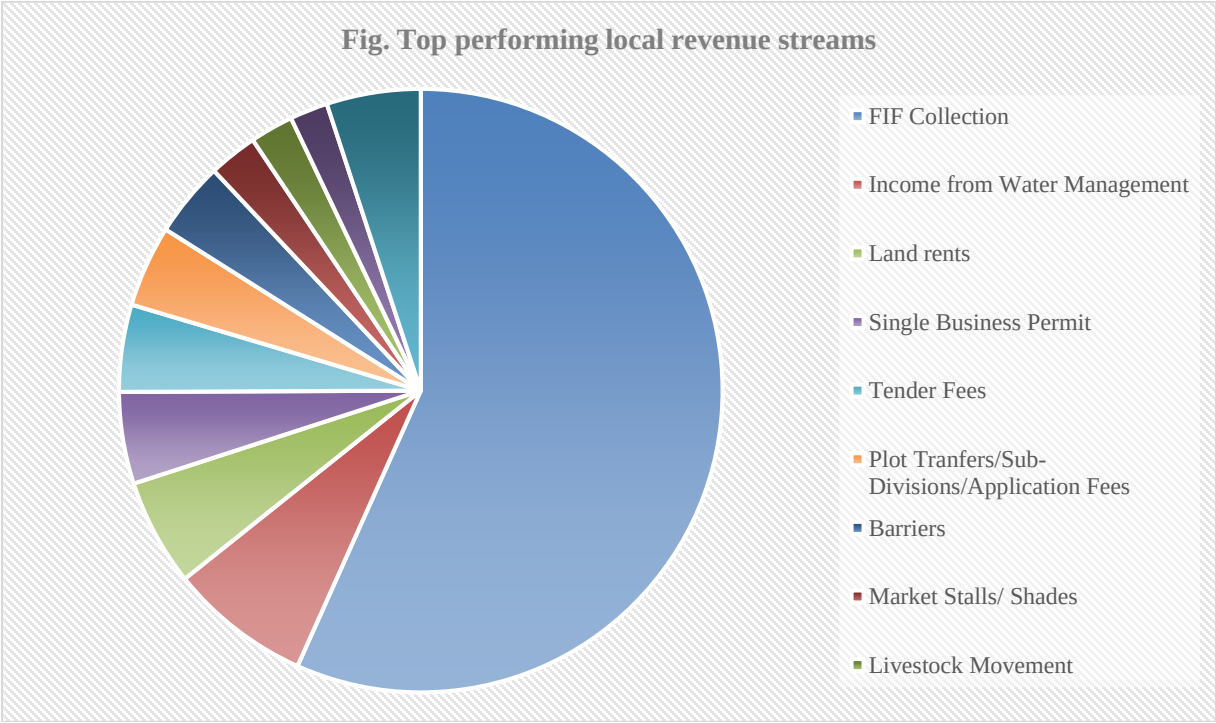
 DEPARTMENT OF REVENUE OWN SOURCE REVENUE COLLECTION FY 2025/2026														
Revenue Sources	Target	July	August	September	October	November	December	January	February	March	April	May	June	Total
Land rents	76,640,271	1,912,250	1,864,000	2,979,500	2,406,787	1,988,600	1,640,600	2,730,762	1,876,400	1,406,000	1,350,500	2,104,727	1,180,061	23,440,188
Plot Transfers/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 Quarries	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: Revenue Directorate, Mandera County Government

During the year under review, the county generated Kshs. 409,244,624 from its revenue sources, including FIF. This was a decrease of 4.91% compared to Kshs. 431.17 million realized in a similar period in FY 2024/2025, and was 60% of the annual target.

The decrease in OSR resulted from a general decline in economic activities in the county.

Figure 2: OSR Top Performing Streams



Source: Revenue Directorate, Mandera County

As highlighted above, the County's top performing streams in the FY 2025/2026 included Hospital collection, water, Land rents, Plot Transfers/Sub-Divisions/Application Fees, Single Business Permit, Income from Sale of Tenders documents and barriers. The worst performing streams were Income from Water Management, Bus Park/Taxis/Parking, Market Gates/Cess, Rental income, Agriculture Mechanization/Hire of Equipment, and Building plan.

Reasons for the deviations from the approved targets

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

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

Recommended Revenue Enhancement Interventions

- Concerted effort and focused strategies should be employed by the County Treasury to bridge the gap in attainment of own revenue targets and other revenue sources to avert possibilities of pending bills and incomplete development projects.
- The County should leverage on the automated revenue collection covering all the streams to eliminate leakages

- The revenue enforcement units should be strengthened and empowered to ensure all identified sources of revenue are covered and paid to the County Government.
- Further, revenue collection personnel should be rotated to ensure that no one person is at a specific revenue collection point for a pro-longed period of time.
- Conduct stakeholders' engagement forums. The county should provide Tax payer education through stakeholders' meetings, fliers, billboards Local station conversations
- Fastrack development of valuation roll
- Mapping other revenue sources
- Inter departmental linkage
- Adopt a complete cashless payment option.

Cumulative Analysis of OSR from FY 2013/14 - FY 2025/26

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

Table 5: Cumulative Analysis of OSR (FY 2013/14-2025/26)

FY	Target (Kshs)	Actual (Kshs)	Variance (Kshs)	Percentage of Performance
2013/14	105,291,891	90,068,630	15,223,261	86%
2014/15	251,285,781	87,729,461	163,556,320	35%
2015/16	199,237,816	88,234,634	111,003,182	44%
2016/17	265,643,523	55,843,625	209,799,898	21%
2017/18	141,000,000	61,031,471	79,968,529	43%
2018/19	179,287,568	95,421,471	83,866,097	53%
2019/20	183,559,629	124,961,836	58,597,793	68%
2020/21	200,037,792	125,044,716	74,993,076	63%
2021/22	200,037,792	143,313,898	56,723,894	72%
2022/23	290,436,786	123,268,177	167,168,609	42%
2023/24	330,533,846	168,989,982	161,543,864	51%
2024/25	350,000,000	431,172,282	-81,172,282	123%
2025/26	682,525,007	409,244,624	273,280,383	60%
Total	3,378,877,431	2,004,324,807	1,374,552,624	59%

Overall, the County has managed to attain only 59% of its targeted local collections from the FY 2013/2014 to the period under review, with the FY 2013/2014 recording the least deviations and being the most performing period and the FY 2016/2017 recording the most deviations.

Local Revenue Performance Targets Versus Actuals (FY 2013/2014 – FY 2024/2025)

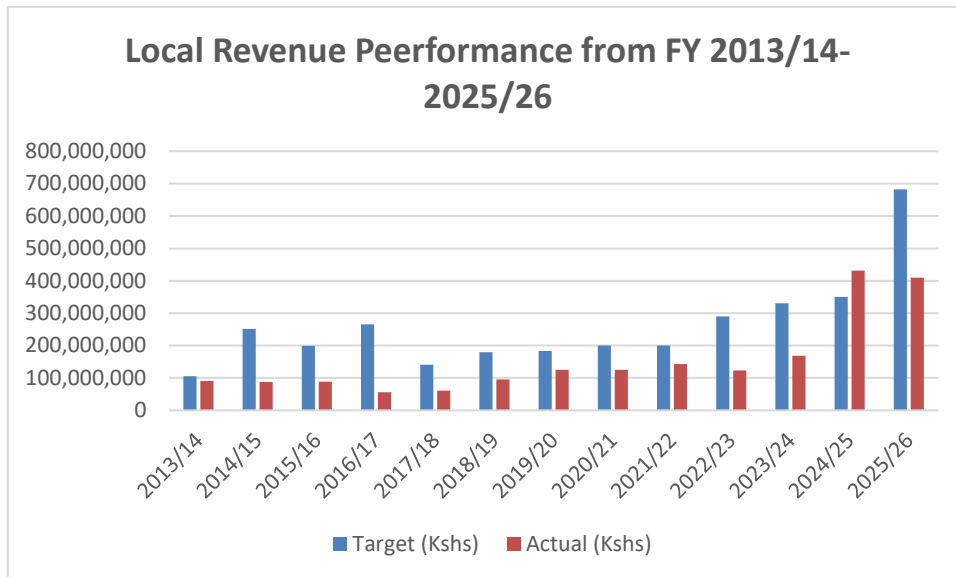


Figure 3:OSR Performance Targets Vs Actuals (FY 2013/14 - FY 2025/26)

OSR collection trend analysis from FY 2013/2014 – FY 2025/2026

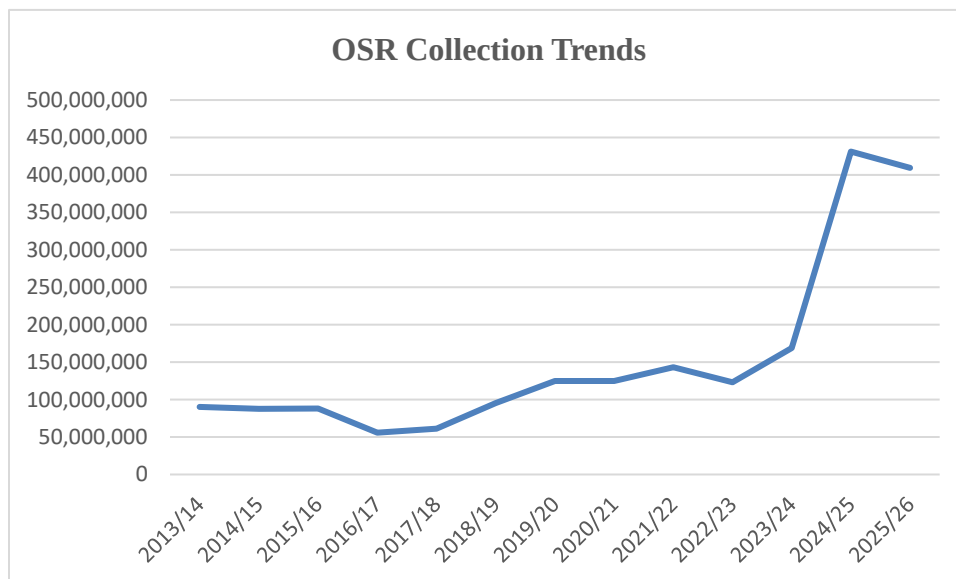


Figure 4:OSR Actual Collection Trends Analysis

As depicted in the above figure, despite deviating from the approved targets, the county’s actual revenue collection has recorded a progressive growth from the FY 2017/2018 to FY 2021/2022. The OSR collections in the FY 2024/2025 and 2025/26 recorded the most improved performing during the period.

2.3 Expenditure Performance

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. This absorption accounted for 90% of the approved supplementary budget. 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%, while recurrent expenditure represented 95% of the annual recurrent expenditure budget.

The overall budget execution status for both the development and the recurrent votes was satisfactory for the FY 2025/2026.

Table 6: Total Expenditure Summary

Expense Category	Annual Budget (Kshs.)	Total Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Recurrent	9,707,647,352	9,242,662,021	464,985,331	95%
Development	5,385,082,036	4,307,806,433	1,077,275,603	80%
Total	15,092,729,388	13,550,468,454	1,542,260,934	90%

Source: County Treasury, Mandera County

The variance of Kshs. 1,542,260,934 led to lower absorption of both recurrent (95%) and development expenditure (80%) by the County Departments. In particular, underperformance by the development vote was occasioned late releases of funds from the National Treasury.

Departmental Expenditure showing actuals and deviations

Table 7: Departmental Expenditure showing actuals and deviations

Vote Title	Recurrent Allocations (Kshs)	Development Allocations (Kshs)	Total Expenditure Allocations (Kshs)	Actual Recurrent Expenditure (Kshs)	Actual Development Expenditure (Kshs)	Total Actual Expenditure (Kshs)	Variance on Total Allocations (Kshs)	Percentage (%)
County Assembly	917,936,058	17,160,000	935,096,058	868,610,378	2,159,654	870,770,032	64,326,026	93%
Agriculture, Livestock and Fisheries	288,229,209	559,590,531	847,819,740	280,995,988	449,741,776	730,737,764	117,081,976	86%
Education and Human Capital Development	1,119,452,254	300,119,586	1,419,571,840	1,096,586,539	292,402,135	1,388,988,674	30,583,166	98%
Social Development	419,485,240	140,961,849	560,447,089	419,484,281	114,401,158	533,885,439	26,561,650	95%
Finance and Economic Planning	465,232,812	3,799,408	469,032,220	464,588,532	799,408	465,387,940	3,644,280	99%
Health Services	2,950,479,429	425,817,243	3,376,296,672	2,657,736,638	407,707,356	3,065,443,994	310,852,678	91%
Trade and Cooperative Development	66,858,611	297,964,332	364,822,943	66,841,634	38,849,127	105,690,761	259,132,182	29%
Lands and Urban Development	137,289,337	655,453,147	792,742,484	136,401,596	584,995,671	721,397,267	71,345,217	91%
County Executive Services	517,217,719	-	517,217,719	510,813,611	-	510,813,611	6,404,108	99%
Office of the County Secretary	178,390,315	427,728,165	606,118,480	175,569,526	47,382,990	222,952,516	383,165,964	37%
Office of the County Attorney	79,000,000	-	79,000,000	67,685,948	-	67,685,948	11,314,052	86%
County Public Service Board	62,442,521	5,000,000	67,442,521	61,079,711	-	61,079,711	6,362,810	91%
Public Service Management, Conflict Management and Community Cohesion	1,901,437,030	-	1,901,437,030	1,841,048,111	-	1,841,048,111	60,388,919	97%
Roads, Transport and Public Works	262,787,216	413,374,780	676,161,996	256,842,856	409,778,239	666,621,095	9,540,901	99%
Water, Energy, Environment and Climate Change	341,409,601	2,138,112,995	2,479,522,596	338,376,672	1,959,588,919	2,297,965,591	181,557,005	93%
TOTAL	9,707,647,352	5,385,082,036	15,092,729,388	9,242,662,021	4,307,806,433	13,550,468,454	1,542,260,934	90%

Source: County Treasury, Mandera County

Departmental Expenditure from FY 2023/2024 – FY 2025/2026

Table 8: Departmental Expenditure from FY 2023/2024 – FY 2025/2026

DEPARTMENT	2023/2024	2024/2025	2025/2026		
	Actual (Kshs)	Actual (Kshs)	Approved (Kshs)	Actual (Kshs)	Deviation (Kshs)
EXPENDITURES	11,704,707,847	12,714,169,651	15,092,729,388	13,550,468,454	1,542,260,934
County Assembly	954793082	932,664,158.00	935,096,058	870,770,032	64,326,026
Recurrent	748345699	811,762,295.00	917,936,058	868,610,378	49,325,680
Development	206447383	120,901,863.00	17,160,000	2,159,654	15,000,346
Agriculture, Livestock and Fisheries	544,765,569	672,017,573	847,819,740	730,737,764	117,081,976
Recurrent	231,056,802	297,042,614.00	288,229,209	280,995,988	7,233,221
Development	313,708,767	374,974,959.00	559,590,531	449,741,776	109,848,755
Education and Human Capital Development	1,251,280,287	1,326,292,097	1,419,571,840	1,388,988,674	30,583,166
Recurrent	1,072,585,264	1,059,854,593.00	1,119,452,254	1,096,586,539	22,865,715
Development	178,695,023	266,437,504.00	300,119,586	292,402,135	7,717,451
Social Development	617,536,298	600,773,967	560,447,089	533,885,439	26,561,650
Recurrent	89,536,298	206,484,776.00	419,485,240	419,484,281	959
Development	528,000,000	394,289,191.00	140,961,849	114,401,158	26,560,691
Finance and Economic Planning	406,896,480	457,909,301	469,032,220	465,387,940	3,644,280
Recurrent	376,896,480	445,909,893.00	465,232,812	464,588,532	644,280
Development	30,000,000	11,999,408.00	3,799,408	799,408	3,000,000
Health Services	2,499,181,121	2,575,744,815	3,376,296,672	3,065,443,994	310,852,678
Recurrent	2,206,108,772	2,133,663,112.00	2,950,479,429	2,657,736,638	292,742,791
Development	293,072,349	442,081,703.00	425,817,243	407,707,356	18,109,887
Trade and Cooperative Development	116,110,989	118,436,100	364,822,943	105,690,761	259,132,182
Recurrent	62,661,577	59,834,137.00	66,858,611	66,841,634	16,977
Development	53,449,412	58,601,963.00	297,964,332	38,849,127	259,115,205
Lands and Urban Development	629,224,077	667,737,735	792,742,484	721,397,267	71,345,217
Recurrent	195,335,090	234,470,590.00	137,289,337	136,401,596	887,741
Development	433,888,987	433,267,145.00	655,453,147	584,995,671	70,457,476
County Executive services	469,100,561	471,877,526	517,217,719	510,813,611	6,404,108
Recurrent	469,100,561	471,877,526.00	517,217,719	510,813,611	6,404,108

Development	-	-	0	0	0
Office of the County Secretary & Head of Public Service	64500000	149,436,028.00	606,118,480	222,952,516	383,165,964
Recurrent	64500000	142,236,028.00	178,390,315	175,569,526	2,820,789
Development	-	7200000	427,728,165	47,382,990	380,345,175
Office of the County Attorney	79970000	81,907,458.00	79,000,000	67,685,948	11,314,052
Recurrent	79970000	81,907,458.00	79,000,000	67,685,948	11,314,052
Development	-	-	0	0	0
County Public Service Board	73,218,148	87,214,515	67,442,521	61,079,711	6,362,810
Recurrent	73,218,148	74,249,015.00	62,442,521	61,079,711	1,362,810
Development	-	12965500	5,000,000	0	5,000,000
Public Service Management, Devolved Units and Community Cohesion	1,654,034,379	1,940,615,179	1,901,437,030	1,841,048,111	60,388,919
Recurrent	1,617,434,379	1,940,615,179.00	1,901,437,030	1,841,048,111	60,388,919
Development	36,600,000	-	0	0	0
Roads, Transport and Public Works	453,216,861	1,075,364,344	676,161,996	666,621,095	9,540,901
Recurrent	181,210,886	354,955,737.00	262,787,216	256,842,856	5,944,360
Development	272,005,975	720,408,607.00	413,374,780	409,778,239	3,596,541
Water, Energy, Environment, and Climate Change	1,890,879,995	1,556,178,855	2,479,522,596	2,297,965,591	181,557,005
Recurrent	342,636,869	332,165,957.00	341,409,601	338,376,672	3,032,929
Development	1,548,243,126	1,224,012,898.00	2,138,112,995	1,959,588,919	178,524,076

Source: *Mandera County Treasury*

Major reasons for expenditure deviations from target

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

Way forward

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

2.3.1 Recurrent Expenditure

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, Trade and Cooperative Development and social development recorded the highest overall absorption rate at 100% each followed by the Department of Water, Energy, Environment, and Climate Change, County Executive services and Lands and Urban Development at 99%. The rest of the Departments recorded between 98% and 90% except the Office of the County Attorney which was the lowest spender at an absorption rate of 86%.

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 that follows shows a tabulated analysis of County’s recurrent expenditure for FY 2025/2026.

Table 9: Recurrent Expenditure Analysis

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

Analysis of Operations and Maintenance

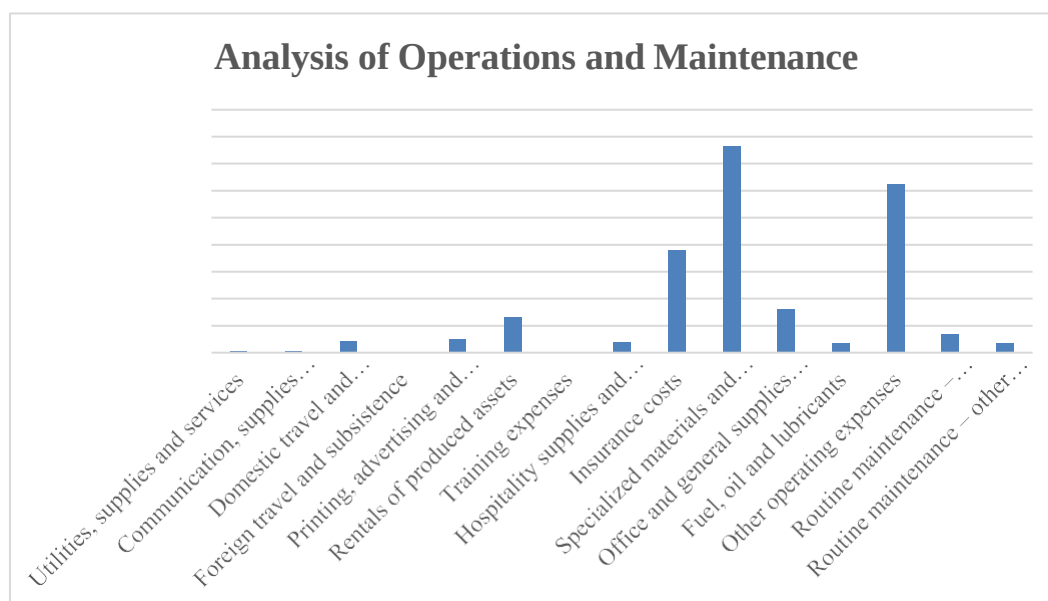


Figure 5: Analysis of Operations and Maintenance

2.3.2 Development Expenditure

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 below represents total development expenditure for the FY 2025/2026 per department and their absorption rate as at 30th June, 2026.

Departmental Development Expenditure
Table 10: Departmental Development Expenditure Analysis

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

Analysis of Development Expenditure

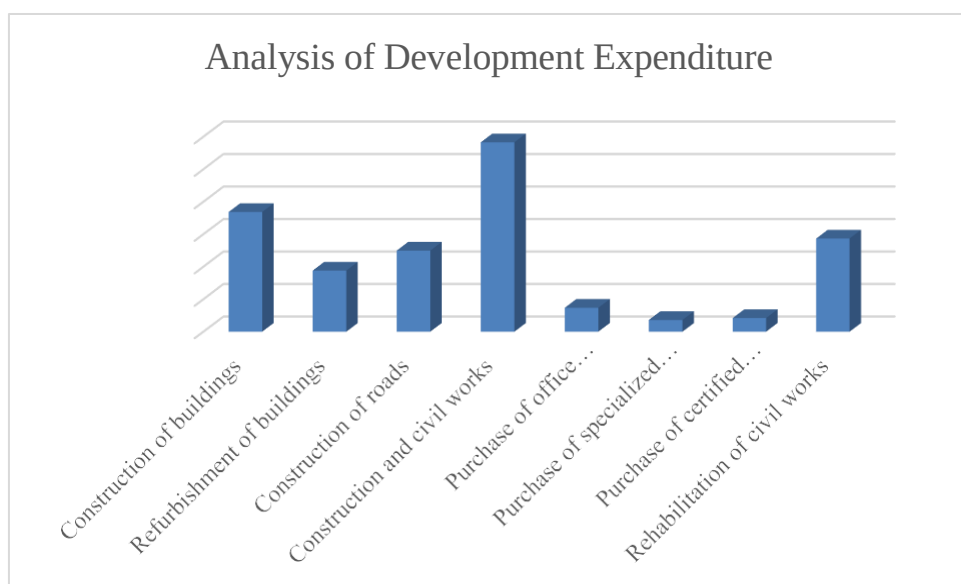


Figure 6: Analysis of Development Expenditure

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

2.3.2.1 Health Services Sector

Much of this Department's development budget was allocated to finance the following projects: renovation and alteration works for the; proposed upgrading and improvement of Level 4 hospitals; operationalization and improvement of all Level 4 sub-county hospitals; maintenance of medical equipment for health services; solar maintenance for rural health facilities; establishment of SHA biometric capture systems in all health facilities; establishment of a Mental Health Unit at MCRH; proposed construction of renal units at Elwak Sub-County Hospital in Mandera South; establishment of Cholera Treatment Centres at Elwak and Shimpir Fatuma; and rehabilitation of sub-county health facilities, among others.

2.3.2.2 Water, Energy and Natural Resources sector

As in previous years, a substantial portion of the department's development budget was allocated to ongoing projects, driven by the necessity to complete existing initiatives before commencing new ones. Noteworthy new projects funded in the FY 2025/2026 include the construction of water supply systems for sub-county headquarters, medium-sized earth pans (60,000–200,000m³), the expansion of existing earth pans, borehole drilling, the development of rural water schemes, procurement of advanced survey equipment and design software, the upgrading of rural water supply infrastructure, and the construction and rehabilitation of underground water tanks, among other essential undertakings.

2.3.2.3 Roads, Public works and transport Sector

This department received a total development budget of Kshs. 413,778,239 which was allocated to fund the completion of ongoing projects, settle pending bills, and initiate new projects. Notable new projects funded include proposed construction of storm water protection works and drifts, road construction and grading, road maintenance, as well as the construction and opening of access roads.

2.3.2.4 Agriculture, Livestock and Fisheries:

The department had a development budget of Kshs. 559,590,532 of which Kshs. 244,752,079 were conditional grants from the World Bank Emergency Locust Response Project (ELRP) and the Conditional Grant for the Food Systems Resilience Project -(FSRP). Key projects planned for implementation during the financial year included: the proposed the installation of irrigation infrastructure at Yabicho A Farms Irrigation Project in Rhamu Ward, Mandera North Sub-County; construction of water troughs and storage tanks; a vaccination programme and procurement of CCPP, PPR, SGP, BQ, CBPP, and LSD vaccines; and irrigation support and infrastructure development in Mandera East and Mandera North.

2.3.2.5 Social Development

The department was allocated a total budget of Kshs. 140,961,849. Some of its key projects in the year under review include construction of housing units and toilets for vulnerable persons, Sports infrastructure developments, Drought and emergency mitigation programmes (provision of relief food), support to orphanages as well as support to persons with disabilities.

2.3.2.6 Trade and Cooperative Development

During the year under review, the department was allocated Kshs. 297,964,332 development budget, Key projects implemented in FY 2025/2026 included the provision of business startup kits across Mandera East, Mandera North, Mandera West, Banisa, Lafey, and Mandera South, operationalization of dormant cooperative societies, provision of startup kits for cooperative societies, and construction of milk shades.

2.3.2.7 Education and Human Capital Development

The department had a development budget of Kshs. 300,119,586. Major projects undertaken included the construction of child-friendly ECDE classrooms across all sub-counties, the supply of ECDE teaching and learning materials, ECDE school feeding programme, the provision of ECDE furniture such as desks, tables, and chairs, as well as grants to Youth Polytechnics.

2.3.2.8 Lands and Urban Development

The department was allocated a budget of Kshs. 655,453,147 earmarked for development. The key projects implemented in the FY 2025/2026, included establishment of valuation rolls for Mandera and Elwak and infrastructural development such as renovations and refurbishments, purchase of sanitation tools for Kutulo, Takaba, Banisa, Lafey, Rhamu, Kiliwehiri, and Arabia, and maintenance of existing dumpsites in Kutulo, Takaba, Banisa, Lafey, Rhamu, Kiliwehiri, and Arabia sub counties.

2.3.2.9 Finance and Economic Planning

The department was allocated a budget of Kshs. 3,799,408 for development. The development allocation was planned for both ongoing and new projects.

2.3.2.10 County Public Service Board

The department had a development budget of Kshs. 5,000,000, which was allocated for the completion of ongoing projects, majorly for proposed civil works at the Mandera County Public Service Board Office in Mandera East.

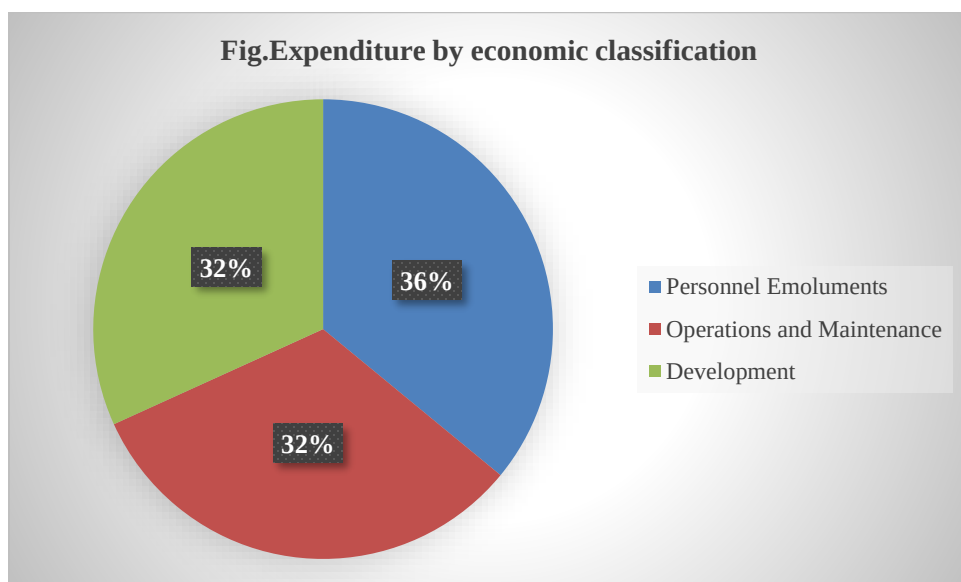
Summary of Expenditure by Economic Classification

Table 11: Summary of Expenditure by Economic Classification

PAYMENTS	2023/2024	2024/2025	2025/2026		
	Actual (Kshs)	Actual (Kshs)	Revised Budget (Kshs)	Actual (Kshs)	Deviation (Kshs)
RECURRENT	7,810,596,825	8,647,028,909	9,707,650,000	9,242,670,000	
Personnel Emoluments	4,111,115,606	4,656,444,331	5,496,210,000	5,273,310,000	222,900,000
Operations and Maintenance - Executive	2,951,135,520	3,178,822,283	3,807,540,000	3,498,560,000	308,980,000
County Assembly - Operations and Maintenance	748,345,699	811,762,295	403,900,000	470,800,000	(66,900,000)
DEVELOPMENT					
Development	3,894,111,022	4,067,140,741	5,385,080,000	4,307,810,000	1,077,270,000
TOTAL EXPENDITURE	11,704,707,847	12,714,169,650	15,092,729,388	13,550,468,454	1,542,260,934

Source: County Treasury, Mandera County Government

Figure 7: Expenditure by economic classification



Source: Mandera County Treasury

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

List of Development Projects with the Highest Expenditure in FY 2025/2026

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

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

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid in FY 2025/26 (Kshs.)	Cumulative Expenditure as of 30 June 2026	Implementation status (%)
1	Health Services	Proposed completion and upgrading of Banisa Level IV Hospital in Banisa Sub-County	Banisa	138,214,663	39,000,000	138,214,663	100%
2	Water Services	Proposed augmentation and upgrading of the Banisa water supply at Banisa Town in Banisa Sub-County	Banisa	220,434,636	70,000,000	130,000,000	58.97%
3	Water Services	Proposed augmentation and upgrading of the Ashabito Water Supply Project Phase 1 at Ashabito	Ashabito	81,459,147	19,000,000	46,000,000	56.47%
4	Water Services	Proposed augmentation and upgrading of the Khalalio water supply project at Khalalio town in Mandera East Sub-County	Khalalio	66,227,207	35,000,000	44,000,000	66.44%
5	Water Services	Proposed augmentation and upgrading of the Lafey water supply project at Lafey Town in Lafey Sub-County.	Lafey	128,388,015	32,000,000	67,000,000	52.19%
6	Water Services	Proposed construction of Dandu Water Supply Project at Dandu Town in Dandu Sub-County	Dandu	117,910,821	40,000,000	80,000,000	67.85%
7	Water Services	Proposed augmentation and upgrading of Rhamu water supply project (phase 1) in Mandera North Sub-County	Rhamu	208,818,953	70,000,000	130,000,000	62.25%
8	Health Services	Proposed facility improvement at Elwak Hospital in Mandera South Sub-County	Elwak	42,976,100	22,775,700	42,775,700	99.53%
9	Health Services	Proposed upgrading Rhamu Hospital in Mandera North Sub-County	Rhamu	75,671,221	20,000,000	49,000,000	64.75%
10	Health Services	Proposed upgrading of Lafey Hospital in Lafey Sub-County	Lafey	68,251,897	20,000,000	49,000,000	71.79%

Source: County Treasury, Mandera County Government

2.4 Budget Execution by Programme and Sub Programme

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

Table 13: Budget Execution by Programmes

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 Referral Services	Curative Rehabilitative and Referral 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

2.5 Pending Bills Analysis

The county had a pending bills totaling Kshs. 2.49 billion as of 30 June 2025. This consisted of Kshs. 1.18billion for recurrent expenditures and Kshs. 1.31billion for development expenditures.

During the year, the County settled pending bills amounting to Kshs. 897.57million, comprising Kshs. 405.45million (45.17 per cent) for recurrent programmes and Kshs. 492.12 million (54.83 per cent) for development programmes. By close of the FY 2025/2026, the county's outstanding pending bills amounted to Kshs. 3.8billion as shown in the table that follows.

Table 14: Pending Bills Analysis

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

Source; Mandera County Treasury

2.6 Performance of County Corporations

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

Table 15:Performance of Mandera County Corporations, Municipalities and Agencies in FY 2025/2026

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
			(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 the municipalities.

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.

2.7 Implication of F Y 2025/2026 fiscal performance on fiscal responsibility principles and financial objectives contained in the 2026 CFSP

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

In the period under review, the County anticipated to receive revenues amounting to Kshs. 15,092,729,388. At the close of the financial year, the County had received revenues amounting to Kshs. 13,907,809,365. This represented a revenue deficit of 8% (Kshs. 1,184,920,023) from the FY 2025/2026 approved supplementary target. This implies that the baseline ceilings for subsequent budgets ought to be adjusted considering the under-performance in some revenue streams in the FY 2025/2026. Consequently, this may affect the financial performance objectives stipulated in CFSP 2026.

The review of the fiscal performance for FY 2025/2026 reveals that revenue underperformance was in the external revenue sources. Therefore, the overall revenue performance in FY 2025/2026 points to the need for enhancement of local revenue collection measures and the National Government transfers as determined by the Commission for Revenue Allocation (CRA) is consistent in future.

In view of the foregoing, appropriate measures have been applied in the context of this CBROP, taking into account the budget outturn for FY 2025/2026. The County Treasury will work closely with the revenue agencies to improve local revenue collection.

Continuing in Fiscal Discipline and Responsibility Principles

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

- i. Over the medium term a minimum of 30 percent of the County Government's budget shall be allocated to the development expenditure. In the fiscal year under review, the County allocated Kshs. 4,307,806,433 which was 32% the County total approved supplementary budget for the FY 2025/2026.
- ii. The County Government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the County Government's total revenue as prescribed by the County Executive Member for Finance in regulations and approved by the County Assembly. The County expenditure on wages and salaries is about 35% which is within 35% set in the 2015 County Government regulations.

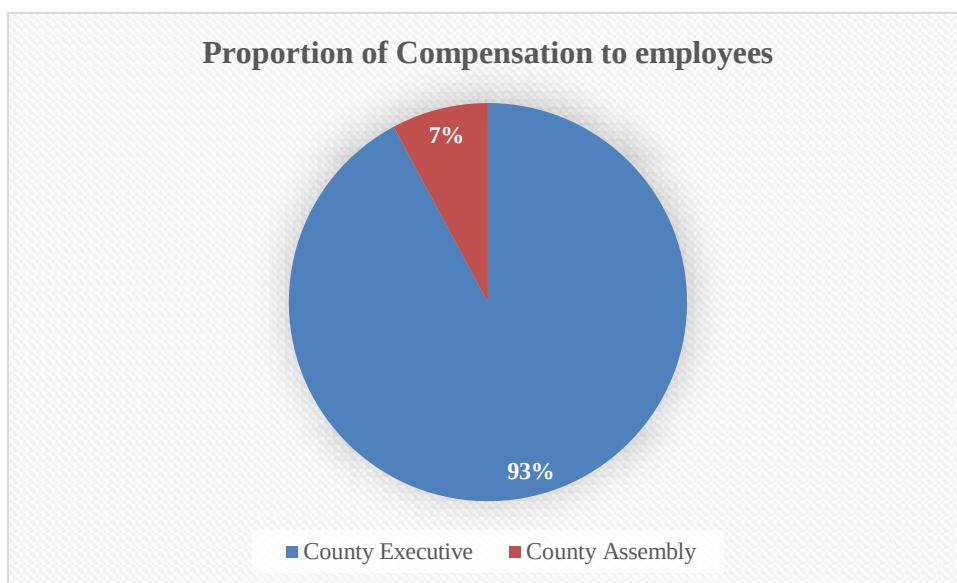


Figure 8: Analysis of Personnel Emoluments

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

- iii. The County debt shall be maintained at a sustainable level as approved by County Assembly and the County Government's recurrent expenditure shall not exceed the County Government's total revenue. During the period under review, the County Government did not borrow and when the regulations are set in place that allow County Governments to borrow, all the borrowings will be for financing of development projects only. The County's commitment to

maintain debt at sustainable levels continues with strategies laid out in the County Medium Debt Strategy Paper 2025.

- iv. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future. The County Government has continued to adopt a more rational approach in revenues and expenditure forecasts based on acute environment and potential of the County to expand its revenue base.
- v. Fiscal risks shall be managed prudently. The County Treasury has considered all possible risks and provided for unforeseen emergencies and disaster relief in the budget in the financial year under review.
- vi. In line with the provisions of the PFM Act, 2012, a finance bill was prepared through a participatory, consultative and all-encompassing approach, and later submitted to the County Assembly for consideration and approval. Public participation in the process guarantees that the beneficiaries and stakeholders understand the charges thus minimizing the chances of resistance from the rates and fees payers.

Emerging Issues

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

Summary of the General Challenges affecting fiscal performance

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

- Cash flow challenges from the National Government
- Swelling wage bill
- Unreliable IFMIS connectivity challenges

- Staff capacity gaps
- Budget revisions, change of projects, etc.
- Insecurity/Terrorism Threats

Recommendations

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

CHAPTER THREE: RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

3.1 Introduction

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

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

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

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

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

3.2 Global and Regional Economic Development

Global economic growth is projected to slow to 3.0 percent in 2026 from 3.5 percent in 2025, before recovering to 3.4 percent in 2027. The slowdown in 2026 reflects the adverse effects of the Middle East conflict, including higher energy prices, elevated inflationary pressures, supply chain disruptions, and increased geopolitical uncertainty. Growth is expected to recover in 2027 as energy market conditions gradually normalize, geopolitical tensions ease, and continued investment and productivity gains from AI-driven technological advancements provide stronger support to global economic activity. However, the recovery is expected to remain uneven, with energy exporters and technology-linked economies generally performing better than energy-importing countries with limited participation in the technology-driven expansion.

Growth in advanced economies is projected to remain subdued, with growth rising slightly from 1.7 percent in 2026 to 1.8 percent in 2027. The outlook reflects divergent effects of the Middle East conflict and the technology-driven investment cycle. Net energy exporters are

partly cushioned by favourable terms-of-trade effects, while net energy importers face greater pressure from higher energy prices, although economies benefiting from technology-related activity are expected to perform better. Within the group, growth in the United States is projected at 2.3 percent in 2026 and 2.2 percent in 2027, supported by fiscal policy, accommodative financial conditions, and continued technology-related investment, while growth in the Euro Area and United Kingdom remains weaker before recovering in 2027 as the energy shock fades.

Growth in emerging market and developing economies is projected to slow to 3.8 percent in 2026 from 4.5 percent in 2025, before recovering to 4.5 percent in 2027, reflecting significant variation across regions. The sharpest slowdown is expected in the Middle East and Central Asia, where growth is projected to fall to 0.7 percent in 2026 from 3.5 percent in 2025 before rebounding strongly to 6.5 percent in 2027, as disruptions to energy production and transport ease. Growth in Emerging and Developing Asia is expected to remain relatively resilient, supported by strong technology-related investment and external demand.

Growth in Sub-Saharan Africa is projected to moderate to 4.3 percent in 2026 from 4.5 percent in 2025, before recovering to 4.5 percent in 2027. The slowdown in 2026 reflects higher energy and food prices arising from the Middle East conflict and reduced official development assistance, with the impact varying across economies. Growth is expected to strengthen in 2027 as external conditions improve, although structural and financing constraints and limited participation in the AI-driven technology expansion will continue to weigh on the region's outlook.

Domestic Economic Development

The Kenyan economy has remained resilient despite the challenging global environment, growing at an average rate of 5.0 percent over the period 2022 to 2025, compared with average global growth of 3.4 percent and 4.1 percent in Sub-Saharan Africa. This resilience reflects sound macroeconomic management, including prudent monetary and fiscal policies, sustained structural reforms, and increasing economic diversification, which have strengthened the economy's capacity to withstand adverse shocks. The economy's resilience continued in the first quarter of 2026, with real GDP growth accelerating to 5.3 percent from 4.9 percent in the corresponding quarter of 2025. The growth was broad-based, with all sectors recording positive performance, and was supported largely by stronger activity in manufacturing; agriculture, forestry and fishing; accommodation and food services; financial and insurance services; and real estate.

The primary sector grew by 5.1 percent in the first quarter of 2026, compared to a growth of 5.7 percent in the corresponding quarter of 2025. Growth in the sector was supported by positive performance in both the agriculture, forestry and fishing and mining and quarrying sub sectors. However, the overall growth of the primary sector moderated compared to the corresponding quarter of 2025, reflecting slower expansion in these key sub-sectors.

The Agriculture, Forestry and Fishing sub-sector expanded by 4.9 percent in the first quarter of 2026, compared to 5.3 percent in the corresponding quarter of 2025. Growth was supported by improved output in tea, sugarcane and dairy, as well as stronger horticultural exports, reflecting favourable weather conditions, improved productivity and sustained export demand. However, overall growth moderated due to lower coffee production associated with the biennial production cycle and reduced fruit exports resulting from lower production and weaker demand in key export markets.

The Mining and Quarrying sub-sector grew by 9.1 percent in the first quarter of 2026, compared to 12.7 percent in the corresponding quarter of 2025. The sub-sector's performance was supported by increased production of key minerals, particularly soda ash, construction materials, and other quarry products, reflecting sustained demand from the construction and manufacturing sectors. However, growth moderated compared to the corresponding quarter of 2025, partly reflecting a higher base effect and slower expansion in mineral production.

The industry sector grew by 5.1 percent in the first quarter of 2026 compared to a growth of 3.6 percent in the first quarter of 2025, supported by improved growth in manufacturing, construction, and electricity and water supply sub- sectors.

The manufacturing sub-sector grew by 4.4 percent in the first quarter of 2026, compared to 2.8 percent

in the corresponding quarter of 2025. The improved performance was driven by increased production in both the food and non-food manufacturing. Growth in food manufacturing was supported by higher production of sugar, soft drinks and dairy products, while non-food manufacturing benefited from increased production of assembled vehicles, galvanized sheets and cement. The sub-sector's performance was further supported by increased credit to manufacturing enterprises.

The construction sub-sector grew by 6.6 percent in the first quarter of 2026, compared to 4.5 percent in the corresponding quarter of 2025. The improved performance reflected increased demand for key construction materials, including cement, bitumen, iron and steel, indicating sustained activity in infrastructure development and private sector construction. Continued implementation of public infrastructure projects and resilient private sector investment also supported the sub-sector's growth.

The electricity and water supply sub-sector grew by 4.3 percent in the first quarter of 2026, compared to 4.1 percent in the corresponding quarter of 2025. The improved performance was supported by increased electricity generation, driven mainly by higher output from geothermal and hydro sources following improved water availability and continued investment in renewable energy. However, the growth was partly moderated by lower generation from thermal, wind and solar sources.

The services sector recorded a growth of 5.0 percent in the first quarter of 2026 compared to a growth of 4.8 percent in the same period in 2025. The transportation and storage sub-sector grew by 3.6 percent in the first quarter of 2026, the same rate as in the corresponding quarter of 2025. The sub-sector's performance was supported by increased road transport activity, higher cargo throughput at the Port of Mombasa, and continued growth in freight and passenger traffic on the Standard Gauge Railway (SGR), reflecting sustained trade and logistics activity.

The accommodation and food service sub-sector grew by 14.7 percent in the first quarter of 2026, compared to 8.0 percent in the corresponding quarter of 2025. The strong performance was supported by increased international visitor arrivals through the country's major airports, reflecting sustained recovery in tourism, improved air connectivity, and stronger demand for hospitality services.

The information and communication sub-sector grew by 5.0 percent in the first quarter of 2026, compared to 5.5 percent in the corresponding quarter of 2025. The sub-sector's performance was supported by increased mobile voice traffic and higher international bandwidth utilization, reflecting continued growth in digital connectivity and communication services. However, overall growth moderated due to a decline in the use of SMS services and mobile money transactions, indicating evolving consumer preferences and payment patterns.

The financial and insurance sub-sector grew by 6.3 percent in the first quarter of 2026, compared to

5.3 percent in the corresponding quarter of 2025. The improved performance was supported by an accommodative monetary policy stance, reflected in lower policy and market interest rates, which reduced the cost of credit, improved liquidity conditions, and supported increased lending to the private sector.

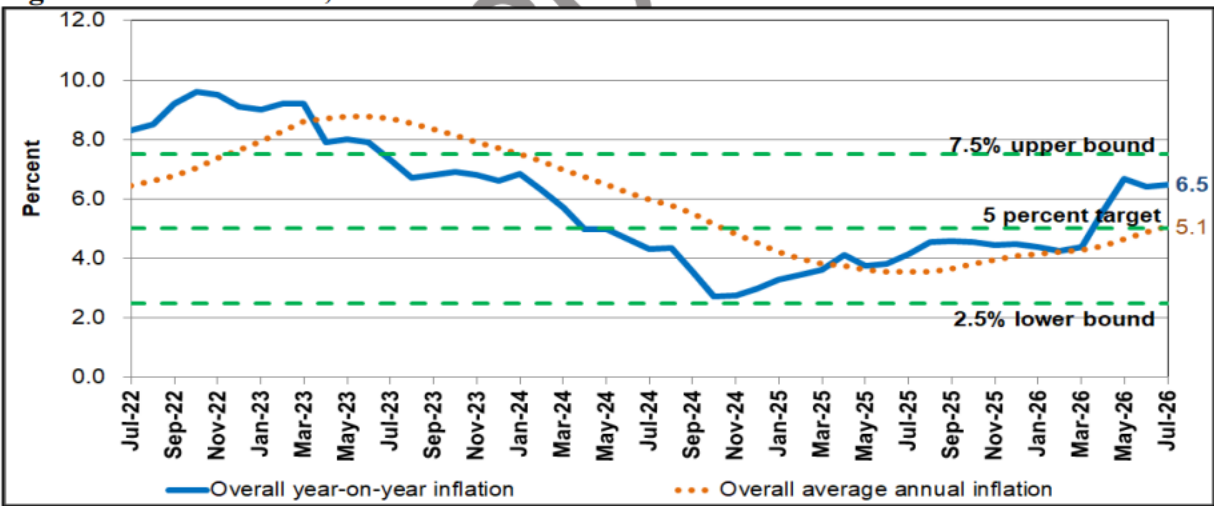
Inflation Developments

Overall inflation increased to 6.5 percent in July 2026 from 4.1 percent in July 2025 due to higher energy prices arising from the elevated global oil prices but remained within the target range of 5±2.5 percent (Figure 9). Core inflation remained stable at 3.2 percent in July 2026, compared to 3.1 percent in July 2025, supported by lower prices of selected manufactured food items, alongside stable prices in other non-volatile components. In contrast, non-core inflation rose to 15.0 percent from 7.2 percent over the same period, largely driven by relatively higher energy prices, transport costs and food prices.

In April 2026, the Government implemented targeted stabilization measures to cushion consumers from the full impact of rising global fuel prices. These interventions included the use of resources from the Petroleum Development Levy Fund to subsidize fuel pump prices. In addition, through Legal Notice No. 70 of 2026, the Government reduced the VAT rate on petroleum products from 16 percent to 8 percent for an initial period of three months. In July 2026, the Cabinet Secretary extended the application of the reduced 8 percent VAT rate for a further three months through a Gazette Notice.

Subsequently, global oil prices eased following the 18th June 2026 interim ceasefire agreement between the United States and Iran, which reduced geopolitical tensions and improved confidence in global energy markets. The agreement supported the phased reopening of commercial shipping through the Strait of Hormuz, easing concerns over oil supply disruptions despite continued operational uncertainties. Consequently, Murban crude oil prices declined by approximately 31.1 percent, from about USD 100.2 per barrel at the height of the conflict in late April 2026 to around USD 69.0 per barrel by late June 2026, reflecting improved supply expectations and lower geopolitical risk premiums. The decline in global oil prices, together with the Government's fuel stabilization measures, helped moderate domestic fuel prices and contributed to the easing of overall inflation from 6.7 percent in May to 6.4 percent in June 2026.

Figure 9: Inflation Rate, Percent



Source of Data: Kenya National Bureau of Statistics

Monetary and Credit Developments

Broad money supply, M3, grew by 11.3 percent in the year to June 2026, compared to a growth of 7.5 percent in the year to June 2025 (Table 13). The improved growth of M3 was driven by higher growth in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA).

The NFA of the banking system grew by 32.9 percent in the year to June 2026, compared to a growth of 17.7 percent in the year to June 2025. The increase in NFA was mainly attributable to a rise in the Central Bank's foreign assets reflecting increased foreign reserves by the Central Bank. The net foreign assets of commercial banks also increased, reflecting increased deposits abroad.

Net Domestic Assets (NDA) improved to a growth of 6.4 percent in the year to June 2026, compared to a growth of 5.5 percent in the year to June 2025. Domestic credit extended by the banking system to the Government grew by 5.5 percent in the year to June 2026 compared to a growth of 37.7 percent over a similar period in 2025. The decreased net lending to government mainly reflected decreased uptake of government securities by commercial banks. Lending to other public sector also declined, mainly reflecting net repayments by parastatals.

Growth in private sector credit from the banking system recorded a growth of 10.6 percent in the year to June 2026 compared to a growth of 2.2 percent in June 2025 (Figure 11). Growth in credit to key sectors of the economy, particularly manufacturing, building and construction, transport and communication, real estate and agriculture remained strong, reflecting 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 59.8 billion in June 2026 from KSh 10.7 billion in June 2025 due to the easing of the monetary policy stance to lower the cost of funds for banks and sustained demand particularly for working capital due to resilient economic activities.

Interest Rates Developments

Growth in private sector credit from the banking system recorded a growth of 10.6 percent in the year to June 2026 compared to a growth of 2.2 percent in June 2025 (Figure 11). Growth in credit to key sectors of the economy, particularly manufacturing, building and construction, transport and communication, real estate and agriculture remained strong, reflecting 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 59.8 billion in June 2026 from KSh 10.7 billion in June 2025 due to the easing

of the monetary policy stance to lower the cost of funds for banks and sustained demand particularly for working capital due to resilient economic activities.

Short-term interest rates have declined. KESONIA (the overnight interbank rate) declined to 8.8 percent in July 2026 from 9.6 percent in July 2025. The decline signalled improved liquidity conditions in the interbank money market and lowering of banks' short-term funding costs, which supports credit expansion. Treasury bill rates remained relatively stable across maturities in the year to July 2026, although movements varied by tenor. The 91-day Treasury bill rate increased to 8.8 percent in July 2026 from 8.1 percent in July 2025, while the 182-day rate rose to 9.0 percent from 8.4 percent. In contrast, the 364-day rate declined to 9.0 percent from 9.7 percent over the same period. The mixed movement across maturities reflects prevailing market liquidity conditions and investor demand across the different maturities.

In line with the easing in monetary conditions, average commercial bank lending rates declined to 14.4 percent in June 2026 from 15.3 percent in June 2025, while average deposit rates also declined to 6.8 percent from 8.4 percent over the same period. As a result, the interest rate spread widened to 7.5 percent from 6.9 percent, reflecting the faster adjustment in deposit rates relative to lending rates.

External Sector Developments

The current account deficit widened to US\$ 4,366.3 million (2.8 percent of GDP) in the year to June 2026, compared to US\$ 2,585.3 million (1.9 percent of GDP) in the year to June 2025 mainly due to a higher trade deficit (Table 14). The current account balance was supported resilient goods exports, increased service receipts and an improvement in net primary income. The current account deficit in the 12 months to June 2026 was more than fully financed by financial account inflows

The balance in the merchandise account deteriorated by US\$ 1,888.3 million to a deficit of US\$. 12,389.3 million in June 2026 mainly due to an increase in import bill that more than offset the increase in exports. Goods exports increased by 8.9 percent, driven by horticulture, tea, coffee, food, and machinery and transport equipment. Goods imports rose by 13.1 percent, reflecting higher imports of food, intermediate and capital goods and mineral fuels.

Services receipts increased by 8.3 percent, driven by transport and travel services receipts. The deficit on the primary account narrowed by US\$ 226.3 million to a deficit of US\$. 1,884.7 million in the year to June 2026, compared to the deficit of US\$ 2,110.9 million in same period the previous year. Diaspora remittances decreased by 2.4 percent to US\$ 4,960.4 million in the 12 months to June 2026 compared to US\$ 5,084.1 million in a similar period in 2025.

The capital account balance decreased by US\$. 90.4 million to register a surplus of US\$ 159.9 million in the year to June 2026 compared to a surplus of US\$ 250.3 million in the same period in 2025. Net financial inflows improved to US\$ 6,092.1 million in the year to June 2026, compared to US\$ 4,576.5 million in the year to June 2025. This reflected an increase in net financial liabilities, which more than offset the decline in net acquisition of financial assets. The net financial inflows were mainly in the form of Portfolio

investments, direct investments, financial derivatives and other investments.

Foreign Exchange Reserves

The banking system's foreign exchange holdings remained strong at US\$. 20,795.4 million in June 2026 from US\$. 17,199.4 million in June 2025. The official foreign exchange reserves held by the Central Bank stood at US\$. 14,023.5 million compared to US\$ 11,407.7 million over the same period in 2025 (Figure 12). Commercial banks foreign exchange holdings increased to US\$. 6,772.0 million in June 2026 from US\$. 5,791.8 million in June 2025.

The official reserves held by the Central Bank in June 2026 represented 5.8 months of import cover, compared to 5.0 months of import cover in June 2025. These reserves continue to provide adequate cover and a buffer against short-term shocks in the foreign exchange market.

Exchange Rate Developments

The Kenya Shilling remained relatively stable against the US Dollar, averaging KSh 129.4 per US dollar in July 2026 compared to KSh 129.2 per US dollar in July 2025 and showing a marked appreciation from a peak of KSh 160.8 in January 2024. The Shilling strengthened against the Sterling Pound, averaging KSh 173.0 per Pound in July 2026, down from KSh 174.6 per Pound in July 2025. Against the Euro, the Shilling also strengthened and averaged KSh 147.7 per Euro in July 2026 compared to KSh 151.0 per Euro in July 2025. The stability was supported by strong foreign exchange reserves, steady remittance and export inflows, and improved market confidence, which helped cushion the Shilling against excessive volatility (Figure 10).

Figure 10:Kenya Shillings Exchange Rate

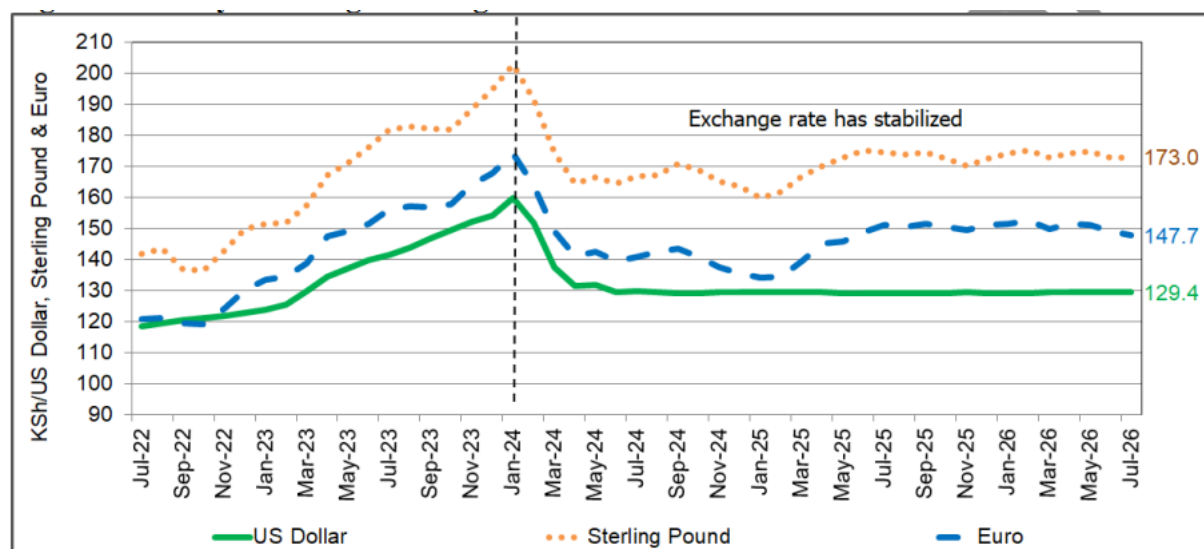


Figure 10 Kenya Shillings Exchange Rate

Source of Data: Central Bank of Kenya

Capital Markets Developments

Activities at the Nairobi Securities Exchange (NSE) improved significantly over the past year, reflecting strengthened investor confidence and improved macroeconomic conditions. The NSE 20 Share Index rose by 58.8 percent to 4,063 points in July 2026 from 2,559 points in July 2025, crossing the 4,000-point mark for the first time in nearly a decade. Market capitalization increased by 57.4 percent to KSh 3,972 billion from KSh 2,524 billion over the same period. The strong performance was supported by lower domestic interest rates, a relatively stable exchange rate, improved corporate earnings, and increased participation by domestic and foreign investors. The positive momentum continued into August 2026, with market capitalization surpassing the KSh 4 trillion mark for the first time.

Market activity was further supported by major capital market transactions, including the successful Kenya Pipeline Company (KPC) Initial Public Offering (IPO) and the Government's partial divestiture of a 15 percent stake in Safaricom PLC to Vodacom, one of the largest capital market transactions in

Kenya's history. Equity turnover increased by 242.6 percent to KSh 381.9 billion in the first seven months of 2026 compared to the corresponding period in 2025, while the volume of shares traded rose by 127.4 percent to 11.84 billion. These developments, together with increased market liquidity and investor participation, contributed to the strong performance of the equity market.

3.3 Global and National Macro-Economic Outlook

3.3.1 Global Growth Outlook

Global economic growth is projected to pick up slightly to 3.4 percent in 2027 compared to 3.0 percent in 2026. This reflects the positive impact of further easing of monetary policy as inflationary pressures subside, stronger domestic demand in emerging markets and developing economies, and a gradual recovery in global trade. This modest improvement is expected to offset the effects of a slowdown in advanced economies, where tighter financial conditions and demographic headwinds continue to weigh on growth. Overall, the outlook suggests a cautiously optimistic rebound, though risks from geopolitical tensions, debt vulnerabilities, and climate-related shocks remain significant.

In advanced economies, growth will remain modest at 1.7 percent in 2026 and 1.8 percent in 2027. Growth in the USA is projected to expand by 2.3 percent in 2026 and 2.2 percent in 2027, supported by resilient consumption and an expected easing of financial conditions, while the Euro Area is forecast to grow by 0.9 percent in 2026 and 1.2 percent in 2027, reflecting gains from lower inflation and improving real incomes but constrained by structural and geopolitical challenges.

Emerging Market and Developing Economies are projected to grow moderately at 3.8 percent in 2026 and 4.5 percent in 2027. This growth is supported by stronger performance in South Asia and Sub-Saharan Africa, steady growth in Middle East and Central Asia, but slower momentum in China and Latin America. At the regional level, Sub-Saharan Africa is projected to grow steadily at 4.3 percent in 2026 and improve to 4.5 percent in 2027, reflecting gradual recovery across the region. The growth is supported by robust growth in non-resource-rich countries, increased private consumption, improving investments, and a decline in inflation. However, the outlook remains constrained by high debt levels, climate vulnerabilities, external risks from global trade tensions, commodity price fluctuations, and structural constraints.

3.3.2 Domestic Growth Outlook

Kenya's economic growth outlook for 2026 has been revised downward to 5.0 percent from the earlier projection of 5.3 percent, reflecting the adverse effects of the ongoing Middle East conflict on domestic economic activity. The economy is, however, projected to maintain momentum in 2027, with growth expected at 5.1 percent as external pressures ease and global supply chains normalize.

In 2026, agricultural activity could moderate in the second and third quarters due to mixed weather

conditions, but is expected to strengthen in the fourth quarter and beyond on account of the expected El Niño induced above average rainfall. Industrial sector is expected to remain robust, supported by the Affordable Housing Programme, ongoing infrastructure projects, including the Rironi-Mau summit road expansion, continued settlement of pending bills, and increased investment through Public-Private Partnerships (PPPs). Services are also expected to remain resilient, supported by continued digitization, sustained activity in key service sectors, and the lagged effects of monetary policy easing.

Despite the external shock, domestic demand is expected to remain resilient, supported by moderating inflation, monetary easing, strong remittance inflows and a relatively stable exchange rate. Lower borrowing costs are expected to support private sector credit, household consumption and investment, while easing production costs and improving investor confidence. However, higher fuel prices associated with the Middle East conflict are expected to exert upward pressure on inflation, although it is projected to remain within the 5 ± 2.5 percent target range.

Private investment is expected to be further supported by reforms aimed at improving the business environment, reducing regulatory bottlenecks and enhancing market efficiency. Improved investor confidence and greater access to international markets, together with the strong performance of the Nairobi Securities Exchange (NSE), are expected to support capital mobilization and private sector investment. Public-Private Partnerships (PPPs) will continue to support infrastructure development and mobilize private capital. Ongoing reforms in State-owned Enterprises, including strategic privatization and divestiture, are also expected to improve efficiency, attract private capital and create fiscal space for priority development programmes.

Growth in public consumption is projected to moderate over the medium term, in line with the Government's fiscal consolidation efforts and measures to contain recurrent expenditure. In contrast, public investment is projected to increase, with resources increasingly directed towards high-impact development projects and priority Government programmes. The Government will also continue to leverage Public-Private Partnerships (PPPs) to mobilize private capital for major infrastructure projects, thereby supporting investment while reducing pressure on the public budget. Continued settlement of verified pending bills will further improve liquidity in the private sector, particularly in the roads sector, supporting business activity and investment.

The current account deficit is projected to widen from 2.1 percent of GDP in 2025 to 3.0 percent in 2026 before improving to 2.8 percent in 2027 amid heightened geopolitical tensions and higher energy-related import costs. Stronger import demand, associated with recovering investment activity and rising fuel costs, is expected to continue exerting pressure on external balances. Nevertheless, export performance is expected to remain supported by agriculture, tourism, and manufactured goods exports,

while remittance inflows should continue to provide an important source of foreign exchange. External financing conditions and reserves are expected to remain adequate, supported by a combination of official financing, portfolio inflows, and foreign direct investment, including inflows linked to ongoing privatization initiatives.

3.3.3 Monetary Policy Outlook

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

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

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

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

To ensure transparency, banks will publish their weighted average lending rates, premiums, and fees and charges for all lending products on their websites and on the Total Cost of Credit (TCC) platform. KESONIA will apply to all variable rate loans except foreign currency and fixed-rate loans, with the CBR as an alternative where KESONIA is not practical. The revised RBCPM was effective from September 1, 2025, for all new variable rate loans, and will take effect from February 28, 2026, for existing variable rate loans following a six-month transition period.

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

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

Macroeconomic Assumptions Underlying the Medium Term Fiscal Framework

The macroeconomic assumptions for FY 2027/28 and medium-term Budget are outlined below:

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

3.3.4 External Sector Outlook

Exchange rate stabilized and was Ksh 129.16 in August 2025 from Ksh 129.21 in January 2025.

Forecasts from CBK, Trading Economics, and other analysts indicate the Kenya shilling will depreciate modestly in 2026, mainly due to fiscal pressures, global USD strength, and external imbalances.

3.3.5 Fiscal Policy Outlook

The fiscal policy approach for FY 2027/28 and the medium term is designed to support the Government's key initiatives under BETA and the Fourth Medium Term Plan through a growth-oriented fiscal consolidation plan. This strategy aims to moderate the annual increase in public debt and execute a robust liability management plan, while maintaining the quality of public service delivery. These measures are expected to strengthen the country's debt sustainability. Fiscal consolidation efforts will focus on improving domestic revenue collection, optimizing and reprioritizing expenditures, and protecting critical government programs and social spending. Special attention will be given to boosting revenue through a blend of tax administration improvements and tax policy reforms, which include:

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

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

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

- viii) Entrenching the zero-based budgeting to re-orient the budgeting and expenditure framework of the Government;
- ix) Fast tracking migration from cash basis to accrual basis of accounting;
- x) Implementing the Treasury Single Account to improve cash management; and
- xi) Operationalizing the Assets and Inventory Management Modules in the IFMIS for all MDAs to facilitate optimal assets utilization.

3.4 County Specific Outlook

3.4.1 Gross County Product (GCP)

GCP is a measure of how much each county contributes to Kenya's GDP and may therefore be interpreted as the "County GDP". According to KNBS, Gross County Product Report 2025, Mandera County GDP was estimated at Kshs. 88 billion, which is 0.6 per cent of the national GDP in 2024. While this represents a modest share compared to more urbanized and industrialized counties, it highlights Mandera's important role in contributing to Kenya's overall economic development.

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

GCP Trends

- **2019:** Ksh. 57,448 billion
- **2020:** Ksh. 64,201 billion
- **2021:** Ksh. 69,211 billion
- **2022:** Ksh. 68,074 billion
- **2023:** Ksh. 72,764 billion
- **2024:** Ksh. 88,395 billion

From the above data, Mandera County's economy expanded from KSh 57.4 billion in 2019 to KSh 88.4 billion in 2024. This reflects an overall increase of 26.6% over the five-year period, equivalent to an average annual growth rate of approximately 5.9%.

The county recorded consistent growth from KSh 57.4 billion in 2019 to KSh 69.2 billion in 2021. This upward trend demonstrates resilience and economic expansion during a period marked by national and global economic challenges, including the COVID-19 pandemic. In 2022, Mandera's GCP slightly contracted to KSh 68.1 billion, representing a 1.6% decline from 2021. This could be attributed to

external shocks such as drought, reduced household incomes, or slowed investment activities. The county rebounded strongly in 2024, reaching its highest GCP of KSh 88.4 billion. This recovery reflects strengthened economic activities, possibly driven by improved agricultural performance, trade, and

enhanced county government investments.

Figure 12 show the trend of GCP estimates covering the period 2019-2024 for Mandera County.

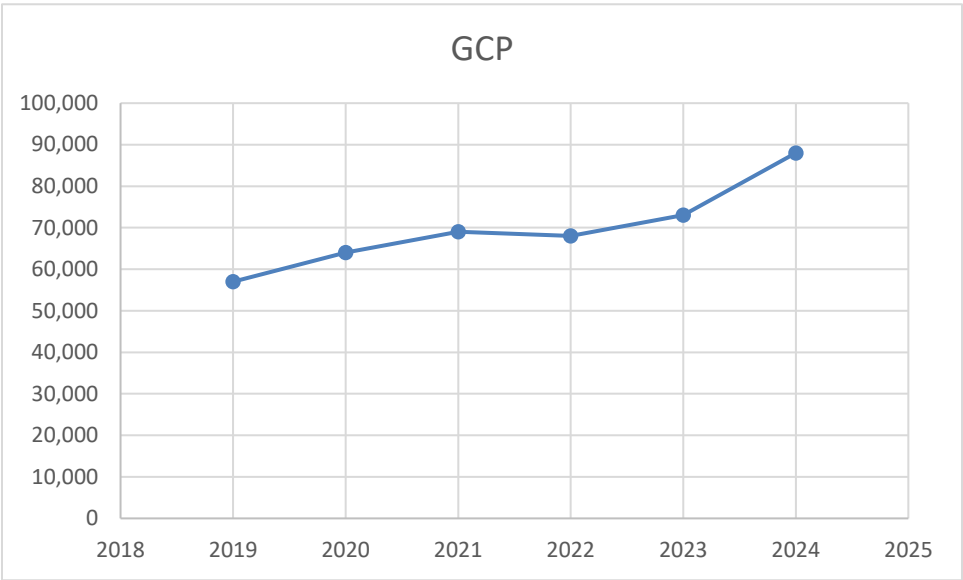


Figure 11:Mandera GCP Analysis

Source: KNBS

Mandera County’s GCP performance between 2019 and 2024 indicates gradual economic improvement despite temporary setbacks. The major economic activities in the County include livestock farming, small-scale trade and quarrying. Nomadic pastoralism is the backbone of Mandera County with camels, goats, sheep and cattle being the main type of livestock reared. The region’s vast pasture land has allowed this activity to be viable. But long droughts in the region and rampant diseases pose a threat to the livestock year in year out affecting livestock production. This further worsened the food insecurity situation in the county, thus forcing the county to inject resources in the Agriculture and Livestock sector.

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

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

The healthcare system has improved tremendously through the provision of medical supplies, and the expansion of sub-county hospitals, and rehabilitation of maternity units and dispensaries. In addition, a blood bank, CT scan, renal, dental, MRI, and mental health units have been established at MCTRH. The construction and equipping of additional boreholes have enhanced water accessibility for both humans and livestock. The County Government has also promoted agricultural growth through the supply of pump sets, the construction of canals, and the provision of free certified seeds and fertilizers, thereby improving productivity. Livestock development and value addition have been advanced through expanded access to livestock markets, coupled with notable progress in animal health and disease control. To reduce reliance on rain-fed agriculture and ensure long-term food security, the County Government remains committed to investing in water and irrigation programmes.

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

The economy of Mandera County for the FY 2026/2027 is likely to remain subdued due to constrained retail trade activities arising from border closures with neighbouring Somalia and Ethiopia. To enhance resilience, the County Government will continue implementing targeted interventions and undertaking appropriate measures to place the economy on a stronger growth trajectory in the medium term.

3.5 Medium Term Fiscal Framework

The FY 2027/28 Budget and the Medium-Term framework will remain aligned with the priorities outlined in the MTP IV and the BETA. The focus will center on five key pillars that have the greatest potential to drive economic growth and improve household welfare, namely: Agricultural Transformation; the Micro, Small, and Medium Enterprises (MSME) sector; Housing and Settlement; Healthcare; and the Digital Superhighway and Creative Economy. In addition, the Government will pursue strategic interventions across several key enablers, including: Infrastructure; Manufacturing; the Blue Economy; the Services Sector; Environmental Conservation and Climate Change; Education and Training; the Women's Agenda; Youth Empowerment and Development; Social Protection; Sports, Culture and the Arts; Governance; and Foreign Policy and Regional Integration.

In FY 2027/28 and over the medium term, resource allocation for priority programmes will be organized under five key clusters: Finance and Production, Infrastructure, Environment and Natural Resources, Social Sectors, and Governance and Public Administration. The primary focus will be on strategic interventions within the following value chains: leather and leather products; textiles and apparel; dairy; tea; rice; edible oils; the blue economy; natural resources, and construction and building materials. This

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

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

In the Financial year 2027/28 and the medium term, Mandera County Government Administration will work to implement the Mandera County CIDP III (2023-2027) which is inclusive of the “BETA” agenda, the 2nd Governor’s Transformative agenda, the County’s Flagship Projects, the County residents’ aspirations among Other Departmental Projects and initiatives in order to achieve the issues affecting the Mandera County residents as stipulated in the CIDP, and at the same time revive the County’s Economy.

For the County Government, all the development programs will revolve around the national policy although emphasis will be placed on the funding of devolved functions which is the core business of the County Government. The following areas will receive the greatest attention in the 2027/2028 budget:

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

3.6 Risks to the Economic Outlook

Kenya's economic outlook is subject to several downside risks that could hinder growth and macroeconomic stability. Domestic risks relate to extreme weather events which could pose a serious

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

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

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

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

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

- On the external front, the key downside risks include: uncertainty about the global outlook, reflecting adverse effects of the war in Ukraine, inflationary risks (from rising prices of food and oil), and supply chain constraints as well as increased global financial markets volatility amid the tightening of monetary policy in advanced economies.
- On the domestic front, lower agricultural output due to potential adverse climate change and weather conditions may pose a challenge.
- Exposure to risks arising from public expenditure pressures, particularly wage and security related recurrent expenditures and the erratic weather associated shocks that could have negative impact on energy generation and agricultural output leading to higher inflation that could slow down growth.

- Overreliance by Counties on equitable share of revenue hence exposing them to fiscal shocks occasioned by revenue underperformance at the national level.
- Delayed disbursement of funds from the exchequer is another fiscal risk that the county might run in to. Delayed disbursement resulting from disagreements on revenue sharing formula and division of revenue leads to late owning of obligation by the county and might lead to interest charges by the county suppliers and service providers. This increases the county's operating costs and leads further to accumulation of pending bills. It negatively affects service delivery, budget absorption and delays submission of statutory deductions.
- There is risk of decreased funding for County Governments due to the austerity measures adopted from time to time by National Government due to biting cash crunches. The adoption of the proposed fourth generation formula will be disastrous for the county.
- Insecurity that hampers the smooth operations of county programs/projects and scares away investors and skilled manpower. Terrorism acts pose a threat to a country's economic growth and development trajectories as it leads to destruction of property, loss of lives, inhibited foreign investment and diversion of public funds to help counter the same. Most of these attacks are usually instigated by the Al-Shabaab who has been noted to frequently use ambushes and IEDs to target Kenyan security forces, other civil servants and Government vehicles in the County.
- Technological risks i.e. Frequent IFMIS breakdowns and challenges that slow down the county's ability to absorb funds in a timely manner.
- Frequent boarder closures. The closure of Kenya-Somalia boarder from time to time may disrupt movement of goods and services thereby leading to low own source revenue collections for the county.
- Existence of pending liabilities that will consume large amount of funds.
- Political disturbances from the county assembly and frequent litigations from members of public have the potential to delay timely implementation of projects. Litigations and court injunctions can also derail timely execution of the Budget. These litigations can arise from county's processes especially procurement where perceived unfair competition may land the county in a court of law. Orders to repeat the whole procurement process will expose the county to disadvantages of time value of money, increase operation costs and lose valuable time in delivering the Budget.
- Persistent drought and other calamities that lead to deviation of resources. Mandera County is prone to both natural and human inflicted hazards. Losses resulting from these disasters can be economic, environmental and social, reducing the coping abilities of the affected population and increase vulnerability to recurring disasters. Once a disaster occurs the Government is always obligated to prevent social welfare reduction by incurring cost of returning the citizen's welfare to normalcy. This

in turn has fiscal implications. Recurring droughts and floods lead to stresses on health, fragile ecosystem and water system, famine and displacement. The expansion of informal settlements as a result of high population growth in urban areas is also at risk of water scarcity, flooding and heat.

➤ Financial integrity.

3.7 Measures to Mitigate on the Risks

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

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

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

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

environment in the County to attract private investments while also encouraging innovation, growth and expansion of economic and employment opportunities;

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

situation. This will divert funds from strategic areas and affect smooth implementation of the programmes in the Budget.

- Strengthen emergency response system including medical services to reduce the spread of pandemic, fire, floods, locusts and other natural catastrophes.

CHAPTER FOUR: RESOURCE ALLOCATION FRAMEWORK

4.1 Implementation of the FY 2026/2027 Budget

The implementation of the country's FY 2026/2027 budget remains on track. Total revenue amounted to KSh 212.6 billion (1.0 percent of GDP) in July 2025 against a target of KSh 232.7 billion (1.1 percent of GDP) recording a shortfall of KSh 20.1 billion. This performance, coupled with the weak budget outturn in FY 2025/26, points to continued fiscal pressures and underscores the need for realistic revenue projections in preparing the FY 2027/28 budget.

In order to maintain the fiscal balance consistent with the fiscal consolidation plan, revenue projections and expenditure estimates for FY 2026/27 remain aligned with those in the approved 2026 BPS. Total revenue including AiA for the FY 2026/27 is projected at KSh 3,321.7 billion (17.2 percent of GDP), while total expenditure and net lending is projected at KSh 4,269.9 billion (22.2 percent of GDP). Due to adjustments in expenditure and revenue, the overall fiscal deficit including grants is projected at KSh 900.9 billion (4.7 percent of GDP). The deficit will be financed by a net foreign financing of KSh 287.4 billion (1.5 percent of GDP) and a net domestic financing of KSh 613.5 billion (3.2 percent of GDP).

The implementation of the county government's FY 2026/27 budget commenced late. Nevertheless, budget implementation during the first quarter of FY 2026/27 has progressed well. Own-source revenue collected in the first two months amounted to Ksh 70,851,201.

Table 16: FY 2026/2027 July-August 2026 OSR Collections

Revenue Sources	Jul-26	Aug-26	Total
Land rents, Plot Transfers& Ownership	3,972,513	3,034,600	7,007,113
Building plan	69,800	250,701	320,501
Miraa Movements	887,050	1,123,000	2,010,050
Single Business Permit	150,500	108,500	259,000
Market Stalls/ Shades	628,612	1,193,081	2,269,050
Market Gates/Cess	43,551	27,158	70,709
Buspark/Taxis/Parking	35,677	13,930	49,607
Income from Quarries	1,067	0	1,067
Barriers	2,001,043	1,732,350	3,733,393
Livestock Markets Auction	833,150	770,718	1,603,868
Livestock Movement	1,236,000	1,017,500	5,337,261
Slaughter fees and	507,400	522,900	1,030,300

Charges			
Produce Cess	64,690	0	64,690
Agriculture Mechanization/Hire of equipment	0	3,034,600	3,034,600
Rental income	0	0	0
Tender Fees	0	0	0
Public Health	0	44,800	44,800
Fire Service Fees	29,864	0	29,864
Income from Water Management	1,472,515	1,268,979	2,741,494
Sub-Total	11,933,432	11,108,217	23,041,649
HOSPITAL COLLECTIONS FIF/SHA			
Hospital Collections	6,880,990	5,925,602	12,806,592
Insurance Claims- Referrals	15,210,574	9,458,478	24,669,052
Insurance Claims-Level 2 & 3	4,767,175	5,420,307	10,187,482
Public Health (Inclusive)	63,700	83,100	146,800
Sub-Total	26,922,439	20,887,487	47,809,926
Grand Total	38,855,871	31,995,704	70,851,575

4.2 Criteria for Resource Allocation in FY 2027/2028 and Medium Term

The Kenyan Government will continue to implement the Zero-Based Budgeting approach to guide the prioritization and allocation of limited resources to projects and programmes. MDAs will be required to reassess all planned and existing programmes, projects and activities to be funded in the FY 2027/28 and over the medium-term budget. In this context, the principles of efficiency, effectiveness, and prudence in public spending will be strictly enforced, ensuring that low-priority expenditures are curtailed in favor of high-priority, service-delivery programmes. Sector Working Groups are therefore expected to prioritize essential spending and focus on interventions that improve livelihoods, create employment, support business recovery, and drive overall economic growth.

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

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

In terms of proposed allocations for FY 2027/2028, the health, social sectors, early childhood education, and vocational training will receive adequate resources. These sectors are already receiving a significant share of resources in the budget and are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate and achieve their strategic objectives.

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

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

ongoing projects under these sectors are fast tracked and completed.

4.3 Summary of the Resource Allocation Criteria

The allocation of resources to projects is based on;

- ❖ Completion and operationalization of ongoing projects;
- ❖ High impact/flagship projects should be given priority;
- ❖ Development of key infrastructure facilities and public works Countywide to stimulate growth, create employment and reduce poverty;
- ❖ Targeted Socio-Economic Sector enablers;
- ❖ Agriculture sector to create stable incomes and reduces poverty;
- ❖ Programmes aimed at climate change mitigation and adaptation;
- ❖ Programmes geared towards Economic recovery;
- ❖ Linkage of the programmes with the Objectives of the Third CIDP;
- ❖ Degree to which programmes addresses Core Poverty Interventions and the National BETA Agenda;
- ❖ Degree to which the programmes is addressing the Core Mandate of the Department;
- ❖ Enhancing Governance, Transparency and Accountability in the delivery of public goods and service;
- ❖ Cost effectiveness, efficiency and sustainability of the Programmes;
- ❖ Programmes that communities/stakeholders have identified and recognized as important through public

participation fora;

- ❖ Linkage of the programme with the priorities of Medium-Term Plan IV of the Vision 2030;
- ❖ Programmes that promote gender equality and promote children's rights;
- ❖ Extent to which the Programme seeks to address viable stalled projects and verified pending bills; and
- ❖ Requirements for furtherance and implementation of the Constitution
- ❖ Presidential Directives and Cabinet Decisions;

Based on the above broad guidelines, SWGs are expected to develop and document sector specific criteria for prioritization and resource allocation within the resource envelope. To facilitate the finalization and approval of the 2026 BROP and other policy documents within the stipulated timelines, MDAs are required to strictly undertake the activities outlined in the Budget Calendar within the set timeframes. The Budget Calendar provided in Annex Table 4 outlines the timeframes for delivery of policy documents, reports and relevant Bills.

4.3 Revenue Outlook

According to the 2026 Draft National BROP, transfer to Counties is projected to be Kshs. 446.6 billion in the FY 2027/2028. The County Government of Mandera expects a total resource envelope of about Kshs. 14.1 billion. The County's main source of revenue has been the equitable share from National Government and this will continue to be the case in the coming Financial Year.

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

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

The county, therefore, anticipates a local revenue collection of over Kshs. 400 million for FY 2026/2027. The National Treasury has directed Counties to maintain a balanced budget. To realize this, the County will continue to explore long term and innovative revenue raising measures such as public private partnerships (PPP) to achieve its development objectives in the face of limited resources.

Finally, the proposed budget for FY 2027/2028 will be rolled out on the background of updated medium term framework and outlook with expenditure ceilings for the Departments being provided in the 2027 County Fiscal Strategy Paper to be released in February 2027.

4.4 Medium-Term Expenditure Framework

At national level, the FY 2027/2028 and the Medium-Term Budget will continue to focus on the implementation of the priorities of the Medium-Term Plan IV and Bottom-Up Economic Transformation Agenda (BETA). The focus will be on the following five (5) pillars with the largest impact on the economy as well as household welfare: Agricultural Transformation; Micro, Small and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Economy. Further, the Government will implement strategic interventions under the following key enablers: Infrastructure; Manufacturing; Blue Economy; the Services Economy; Environment and Climate Change; Education and Training; Women Agenda; Youth Empowerment and Development Agenda; Social Protection; Sports, Culture and Arts; Governance; and Foreign Policy and Regional Integration.

In FY 2027/28 and the medium term, resource allocation for the priority programmes will be done through a value chain approach under five clusters namely: i) Finance and Production; ii) Infrastructure; iii) Environment and Natural Resources; iv) Social Sectors; and v) Governance and Public Administration. The key priorities and interventions will focus on the following value chains: i) leather and leather products, ii) textile and apparel, iii) dairy, iv) tea, v) rice, vi) edible oils, vii) blue economy, viii) natural resources (including minerals & forestry); and, ix) construction and building materials. The value chain approach ensures rational resource allocation by eliminating wastage of resources occasioned by duplication, overlaps, fragmentation and ineffective coordination in the implementation of programmes and projects, while promoting a ‘Whole-of Government-Approach’ to service delivery.

In the FY 2027/28 and the Medium term, the County Government of Mandera will continue with its policy of expenditure prioritization with a view to supporting economic recovery and achieving its transformative development agenda. This agenda is anchored on provision of core services, creation of employment opportunities improving the general welfare of the people and ensuring equity while minimizing costs through the elimination of duplication and inefficiencies.

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

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

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

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

4.5 Public Participation and Involvement of Stakeholders

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

CHAPTER FIVE: CONCLUSION AND NEXT STEPS

The 2026 CBROP has been prepared in accordance with the PFM Act, 2012 and its Regulations. The document provides an overview of the government's financial performance for the FY 2025/2026 including compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act. The 2026 CBROP has highlighted the key County Government policies and objectives that will underpin the creation and implementation of the FY 2027/2028 budget.

The medium term macroeconomic and fiscal projections in the 2025 CBROP have been revised from those of the 2026 County Fiscal Strategy Paper (CFSP) estimates taking into account the macroeconomic and fiscal outcome of the FY 2025/26.

The 2026 CBROP forms the basis for the development of the 2027 CFSP that will detail the progress in the implementation of the priority policies and strategies of the Government under BETA as prioritized in the MTP IV of the Vision 2030; the CIDP 2023-2027, and the 2027 ADP. The preparation of the FY 2027/28 and the medium-term budget that will be guided by the Budget Calendar (Annex 1).

Taking into account the constrained fiscal environment, the Kenyan Government has adopted Zero Based Budgeting Approach to guide the prioritization and allocation of the scarce resources to projects and programmes in the FY 2027/28. MDAs have been advised to re-evaluate all the existing/planned activities, projects, and programmes to be funded in the FY 2027/28 and medium term budget. SWGs should therefore eliminate wasteful expenditures and pursue priorities which are aimed at safeguarding livelihoods, creating jobs, reviving businesses and economic recovery. The sector ceilings provided for the FY 2027/28 budget and the Medium Term will form inputs into the 2027 CFSP.

The County Government of Mandera will not only continue to ensure proper prioritization of public expenditures to the most impactful programmes with highest welfare benefits to its citizens but also focus on revenue mobilization and address the decline revenue trends. As such, the creation of the FY 2027/28 budget will be broad based and consultative. To achieve this, the accounting officers have already been advised through budget circular issued on 28th August 2026 to form Sector Working Groups (SWGs). The SWGs will do a detailed and careful costing of various programs and projects and ensure the key priorities of every sector are articulated in the coming budget. These SWGs is the only vehicle through which county Departments can bid for resources and justify allocations.

The 2027 CFSP which will be issued mid-February next year will provide a more updated fiscal

framework and will add more flesh to the information already provided in this CBROP. Further, the CFSP will give a clear budget ceiling for every sector. This will enable SWGs to prioritize their projects and come up with a balanced budget that accommodates their priority programs.

Annexures

Annex I: Budget Calendar for FY 2027/2028

S/No	Major Activities	Responsibility	Deadline
1.	Preparation and submission of budget Circular	County Treasury	31 st August 2026
2.	Familiarization of Programme Based Budget	Departments/sectors/entities	Continuous
3.	Submission of Annual Development Plan	County Treasury	31 st August 2026
4.	Identification of key programs in each ministry	Each Department	31 st August 2026
5.	Preparation and Submission of County Budget Review and Outlook Paper (CBROP) to the Cabinet	County Treasury	By 26 th August, 2026
6.	Submission of Approved County Budget Review and Outlook Paper (CBROP) to the County Assembly	County Treasury	By 1 st September, 2026
7.	Stakeholders/Public Participation Programs	Treasury/Departments	October 2026
8.	Preparation of CFSP and Submission to the County Assembly	County Treasury	By December 2027
9.	Preparation of DMSP and Submission to the County Assembly	County Treasury	By December 2027
10.	Submission of draft departmental programs and detailed budget to the County Treasury (The budget must adhere to the ceiling given in CFSP)	Each Department	By 20 th January 2027
11.	County Treasury to compile, consolidate, rationalize, allocate resources, and finalize the budget for submission to the cabinet.	County Treasury	26 th January 2027
12.	Approval of the budget by the Cabinet	The cabinet	26 th January 2027
13.	Submission of the budget to the County Assembly	County Treasury	By 30 th April 2027
14.	Submission of Finance Bill	County Treasury	By 8 th March 2027
15.	Submission of finance bill to the County Assembly	County Treasury	By 8 th March 2027
16.	Preparation of Appropriation bill, Gazettement, the approval and assent of the bill, Gazettement of the Act, General Warrant, and sign-off	County Assembly and County Treasury	By 31 st March 2027
17.	Approval of the Finance Bill	County Assembly	By 31 st March 2027

Annex II: Summary of revenue projections over the medium term

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

Annex III: Equitable Share Growth

Fiscal Year	Amount (Kshs)	Growth	Percentage of Growth
2013/14 (Base Year)	6,550,232,929	6,550,232,929	100%
2014/15	7,813,822,143	1,263,589,214	16%
2015/16	8,955,703,809	1,141,881,666	13%
2016/17	9,663,203,837	707,500,028	7%
2017/18	9,739,500,000	76,296,163	1%
2018/19	10,142,200,000	402,700,000	4%
2019/20	10,222,950,000	80,750,000	1%
2020/21	10,222,950,000	-	0%
2021/22	11,190,382,598	967,432,598	9%
2022/23	11,190,382,598	-	0%
2023/24	11,633,191,646	442,809,048	4%
2024/25	11,690,618,560	421,783,014	3%
2025/26	12,265,064,993	574,446,433	5%

Fig. Graphical Representation of the Equitable Share Growth

